



Marketing Channel Analysis in an Effort to Develop the Potential of Bananas in Pinrang Regency

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Abstract

Banana is one of the agriculture that has bright prospects in both the domestic and export markets, but banana farmers do not understand the potential of this banana. Therefore, a system is needed so that farmers know about the banana prospects. In marketing, until now there are still some discussions about the marketing patterns used are still quite long from farmers to consumers, increasing marketing costs incurred, marketing large margins, the benefits of each marketing institution and marketing of banana assistance. It dramatically affects the marketing of bananas in Pinrang Regency. The purpose of this study was to analyze the marketing patterns of Kepok bananas in Pinrang Regency. Determination of the sample in a study involving banana farmers, collector traders, wholesalers and retailers using the snow-balling method, samples related to all that was questioned, with the sample calculation were 30 banana farmers and 7 traders. The analytical method uses descriptive qualitative (quantitative) and quantitative (margin calculation) analysis. The results of this study indicate that farmers market their banana through two marketing channels in Pinrang Regency. There are two marketing channels, 1st channel is Farmer to Consumer, 2nd channel is Farmer to Collector Trader then to Retailer Trader and ends in Consumer. The involved marketing institutions require costs to operate marketing functions such as loading costs, transportation costs, fees, consumption and so forth.

Keywords: Marketing channels, Marketing margins, Bananas

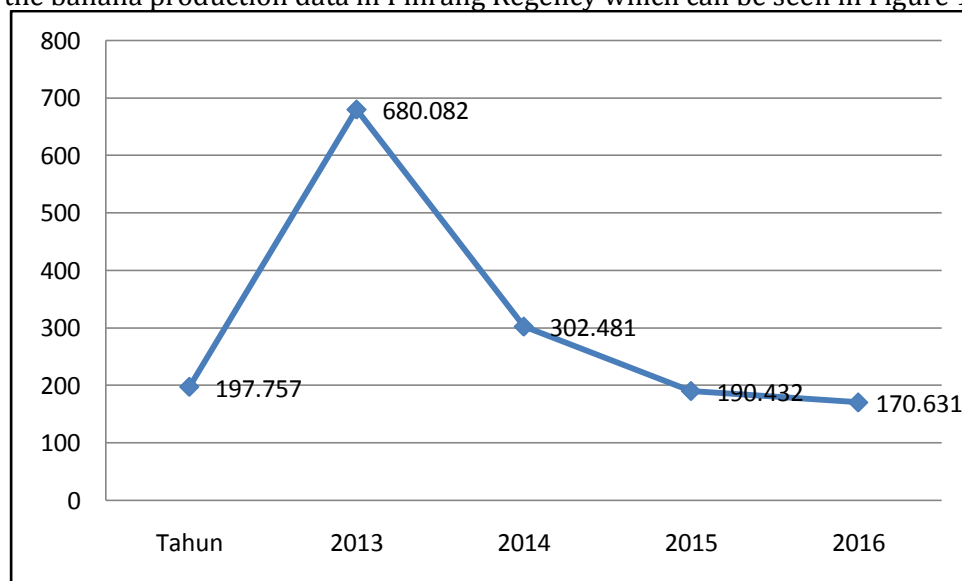
A. Background

Horticultural farming, especially fruits in Indonesia, has only been seen as a side business planted in yards with narrow areas and the application of post-harvest handling cultivation techniques is still simple. On the other hand, the market demand for fruit from both local and export markets requires a certain quality, uniform size and a sustainable supply of fruit. Therefore, to develop fruits in Indonesia and to increase competitiveness in both local and export markets, the government is promoting agricultural development in the field of horticulture.

Banana (*Musa parasidiaca*) is a horticultural commodity that has an international reputation. This herbaceous fruit plant originates from regions in Southeast Asia, including Indonesia. This plant then spread to Africa (Madagascar), the United States, and Central America. Bananas are included in the top four raw materials for global crops and one of the biggest profit makers in the market. It makes bananas a critical commodity for the global economy and food security. So far, bananas are included as the fourth essential food ingredient in developing countries. Bananas are like most cheap foodstuffs that we often forget where they come from and how they are obtained.

Banana is one of Indonesia's leading fruit commodities. It refers to the large harvested area and banana production, which always ranks first compared to other horticultural commodities. Indonesia's banana production is quite large, reaching 6.28 million tons per year. Apart from that, Indonesia is also one of the primary centres for banana diversity. More than 200 types of bananas exist in Indonesia, which provides opportunities for the utilization and business of banana commodities according to consumer needs. Almost all regions of Indonesia are the largest banana producing areas due to suitability of land and climate, availability of seeds, and the interest of farmers to cultivate bananas (Kementrian Pertanian, 2017).

Banana production in Pinrang Regency has decreased every year for the last five years according to the banana production data in Pinrang Regency which can be seen in Figure 1.1.



Source: Agriculture and Horticulture Office of Pinrang Regency, 2018.

Figure 1.1 Production (Tons) of Banana Fruit in Pinrang Regency in the Last 5 Years

Banana production in Pinrang District has decreased every year, wherein the previous years the banana production in 1 hectare usually produced 500-700 hands/month, but in recent years farmers have only been able to produce 100-200 hands/month. One of the factors that caused the decline in banana production was the reduction of lands due to the conversion of land from banana plants to paddy fields for paddy fields and improper cultivation techniques that resulted in disruption of banana pests and diseases.

Pinrang Regency is one of the banana production centres, which has the potential to be continuously improved and developed. One of the most significant banana producing areas in Pinrang Regency is Mattiro Bulu District. The demand for bananas continues to increase every year, but it is not in line with the availability of bananas which tends to fluctuate. Meanwhile, in terms of the ability to produce bananas, Pinrang Regency has a relatively wide and fertile land, with a large number of farmers who cultivate bananas and already have experience both in banana cultivation and in marketing. That is because the management of banana farming is only

a side crop and the community only makes it a side income (not a business priority). There is no application of specific cultivation technology to increase the amount of banana fruit production, considering the opportunity to develop banana agribusiness is still wide open. For the success of banana farming, apart from the application of technology, the use of superior varieties and improvement of varieties that are tolerant or resistant to essential pests and diseases of bananas, high productively, and have good fruit quality and are liked by the wider community.

The banana variety cultivated in Pinrang Regency is the Kepok banana. Banana production does not provide added value to the commodity to farmers because they sell their products directly to the market or collectors. The banana production is usually marketed in the market in Pinrang Regency first, and then if there is remaining production, it will be marketed outside of Pinrang Regency. However, during the harvest season, bananas in Pinrang District are also sold outside the island of South Sulawesi. Banana marketing in Pinrang District is focused on first meeting local market demands to minimize marketing costs.

In marketing, until now there are still some obstacles, including the pattern of marketing channels used which are still quite long from farmers to consumers, the number of marketing costs incurred, the size of the marketing margin, the benefits obtained by each marketing agency and the efficiency of marketing bananas. This greatly affects the marketing of bananas in Pinrang Regency. In addition, farmers also cannot determine the selling price of bananas.

In the beginning, farmers would only sell their banana products to collectors whom their customer. However, farmers are currently free to choose collector traders who come directly to the banana planting locations to sell their banana products due to the reduced number of traders in the Pinrang Regency area and the prices offered by these collectors are relatively cheap.

Sudiyono (2002) states that in studying agricultural marketing in the economy, there are five approaches that are commonly used, namely: (1) The Commodity Approach, which is conducted by determining the commodity that studied and followed by the flow of commodities from producers to end consumers. This approach emphasizes the description of what is done to agricultural commodities and how an agricultural commodity is marketed efficiently. (2) Institutional Approach, This is to examine marketing institutions involved in the marketing process of agricultural commodities. Marketing agencies carry out the decision-making process in the agricultural commodity marketing process. These marketing institutions can be in the form of middlemen, intermediate traders, wholesalers, and others.

The main objective of this research is to analyze the pattern of marketing channels in the development of banana potential in Pinrang Regency. The results of this analysis are expected to become a reference for policymakers, in this case, both central and regional government, regarding of this research can be used as input/suggestions in making regulations to maintain the existence and development of the banana fruit business.

B. Methodology

The research location was taken purposively, namely the method of purposive sampling for reasons known from the characteristics and criteria of the sample (Singarimbun and Effendi, 1997). The research location chosen was Pinrang Regency. Pinrang Regency is one of the centres for banana production in South Sulawesi. This research was conducted from April to May 2019.

A sampling of farmers is conducted using the proportional random sampling method, which is taking samples from the entire population. Following the proportion of each sub-population so that the sample taken can represent each sub-population, and each farmer has the same opportunity to be selected as a sample (Parel et al. all, 1973). In this study, a sample of 30 respondents from selected sub-districts was taken by considering the number of farmers who met the requirements as sample farmers with the formula:

$$Ni = \frac{Nk}{N} \times n$$

Where :

- Ni = The number of samples of banana farmers in each district
- Nk = The number of subdistrict banana farmers from the selected districts
- N = Total population of banana farmers from selected districts
- N = Number of samples of desired banana farmers (30 respondents)

The object of this research is that business actors, namely banana farmers, collectors, wholesalers and retailers use the snow-balling sample method because the population of all these actors is unknown, with the sample size being 30 banana farmers and seven collecting traders in the Regency Areca. Data collection techniques were carried out by direct interviews with expert respondents, namely farmers, collectors and partner companies involved in the supply chain mechanism through questionnaires related to the object of research.

To analyze the pattern of marketing channels and marketing agency intermediaries in Pinrang Regency at the marketing agency level is used qualitative analysis (identification of channels and marketing agencies involved) and quantitative (margin calculation) of marketing margin can be calculated by the following equation:

$$Mm = Pr - Pf$$

Where :

Mm = Marketing margin at farm level

Pr = Price at retail level

Pf = Price at farm level

C. Findings and Discussion

1. Kepok Banana Marketing Channels and Institutions

In the framework of Kepok banana farming, the harvest process, harvest handling, distribution and marketing are a series of activities that support the success of farming. In order to maintain the quality of fresh and processed products, harvesting activities, handling the harvest and distribution of them must be taken into account the right steps to maintain the quality of Kepok banana and avoid physical damage. Based on the results of interviews with respondents in the study area, the marketing pattern applied by farmers is selling Kepok bananas to collectors. Most of the Kepok banana farmers sell their produced Kepok bananas to collectors, namely as much as 86.67% of the Kepok banana farmers, while the Kepok banana farmers who directly sell their crops to the market are 13.33%.

The marketing system used by Kepok banana farmers is the bunch buying system. In the bunch buying system, the collecting traders come to the farmers when the banana trees are ready to be harvested, and the harvesting when the bananas are ripe then the middlemen or collectors who harvest the bananas, with the prevailing price ranging from Rp. 3,000 to Rp. 3,500 per hands and farmers sell their crops in fresh form. This is consistent with research conducted by Teguh Purwadi (2009) which states that the marketing system used before Primatani was the bonded bond system and the bunch buying system. In the bonded system the middlemen come to the farmer when the banana tree has just issued a heart (banana flower) and buys the heart, but harvesting when the banana heart has become ripe fruit, the prevailing price ranges from Rp. 5,000 to Rp. 7,000 per bunch, this system was chosen by farmers for various reasons, including because of economic urgency and also that farmers do not have to bear the risk of crop failure. Meanwhile, in the research location in Pinrang District, there is no bonded marketing system implemented. It is because some farmers and collecting traders already understand the disadvantages when using the Ijon marketing system, namely the bonded bond system, which can harm farmers because the purchase price is low and can harm collectors because bananas that have been paid are not necessarily harvested successfully, so is the buying system a sign that contains many elements of speculation and uncertainty.

In addition, the system of bunches is also implemented, before weighing the bananas, it is conducted classify them first, then sorting and grading them. So that the bananas produced by farmers get a price according to their quality. This system is fully implemented, farmers only weigh their bananas and classify them first, then do the ivory based on the average quality of one bunch. So in one bunch, the price of bananas for all hands is the same.

Collecting traders have several marketing channels. These marketing channels are differentiated based on the quality of bananas, according to one trader who collects them. Bananas are classified into several qualities, namely quality one and quality two. The first quality is bananas which are sold to regional markets such as Maros Regency, Pare-pare City and Makassar City. The second quality is bananas that are sold to traditional markets such as the main market of Pinrang Regency, the Mattirobulu District Market and the markets around Pinrang Regency. The price of Kepok banana that is received by farmers varies depending on the quality and also the condition of the market price, which is quite fluctuating. The average amount received by farmers is between Rp. 3000 - Rp. 3,500 / hands.

Kepok bananas purchased by collectors will be sent regularly to areas outside Pinrang Regency, including Maros Regency, Pare-pare City, Pangkep Regency and Makassar City.

Delivery to regions usually occurs to certain farmers, in this case farmers who are also traders and already have special subscriptions. Kepok banana marketing channels in Pinrang Regency can be seen in Figure 4.3.

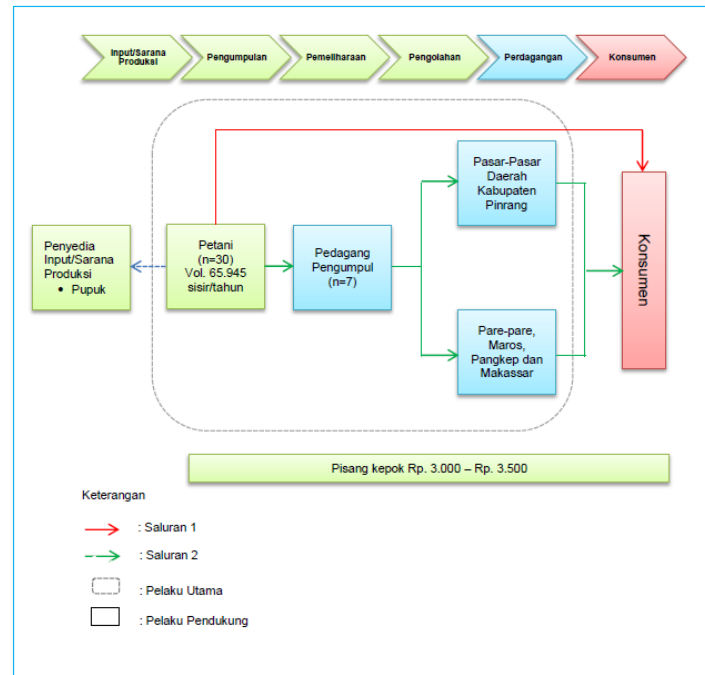


Figure 1. Kepok Banana Marketing Channels in Pinrang District

Figure 1 shows channel I, the farmer selling their kepok banana directly to consumers, usually consumers who come directly to farmers or farmers who are also sellers in the people's market in the vicinity of their residence. Besides, consumers on the channel I are people who do not have banana plants living around Kepok banana farmers' residence. In channel II, farmers sell kepok bananas to collectors, then collectors sell them to local markets around Pinrang Regency. Farmers sell all their produce to collector traders because farmers do not need transportation costs to the market, collector traders come to the land or farmer's house to collect Kepok bananas. Usually, farmers already have regular collectors. On average, collector traders who buy directly from farmers are collectors around the Kepok banana production center area. For the type of banana sold to the market area of Pinrang Regency, the quality of two Kepok bananas is two.

Meanwhile, farmers and traders sell Kepok bananas directly to markets outside the Pinrang Regency, including Pare-pare City, Pangkep Regency, Maros Regency and Makassar City. The type of banana quality that collectors sell to markets outside Pinrang Regency is the number one quality. Farmers who sell their products outside the Pinrang Regency area are farmers who act as traders, and the amount of Kepok banana production collected is greater. Marketing to supermarket suppliers and large companies is a new marketing channel that has not been implemented by both farmers and traders. That is because farmers/traders have not been able to supply supermarkets or companies constantly.

2. Kepok Banana Marketing Margin

According to Asmarantaka (2012), the marketing margin is the company's costs and benefits due to its business activities. These business activities are marketing functions, so it can be concluded that the marketing margin is the costs and profits of marketing institutions due to the marketing functions carried out by these marketing agencies. Marketing margin is one of the indicators used to measure the efficiency of marketing. The marketing margin for each banana marketing channel in Pinrang District can be seen in table 4.12.

Table 4.12. Details of Marketing Margin (IDR/Hand) for Respondents of Kepok Banana Farmers and Traders in Pinrang Regency in 2019.

Description	Channel 1	Channel IIa	Channel IIb
	IDR/Hand	IDR/Hand	IDR/Hand
Farmers			
Selling price	3.500	3.500	3.500
Collector Traders			
Purchase price		3.500	3.500
Cost		300,05	450,06
Selling price		4.500	6.000
profit		699,95	2.049,94
Margin		1.000	1.500
Retailers			
Purchase price		4.500	6.000
Cost		100	200
Selling price		6.000	10.000
Profit		1.400	3.800
Margin		1.500	4.000
Consumers			
Purchase price	3.500	6.000	10.000
Total Cost	0,000	400,05	650,06
Total Profit	-	2.099,95	5.849,94
Total Margin	0,000	2.500	5.500

Table 4.12 shows three patterns of distribution channels for the marketing of Kepok bananas in Pinrang Regency, where the marketing pattern involves several marketing agencies. Each marketing agency involved requires a fee to conduct marketing functions such as loading costs, transportation costs, user fees, consumption, etc. Costs incurred differ depending on the distance between the farmer and the consumer and the number of institutions involved. Collecting traders, both for Pinrang Regency and Makassar City, carry Kepok bananas using pickups and trucks. In distribution channel IIa, the costs incurred are lower because of the distance between the farmer's location and the market is closer so that transportation costs are cheaper.

The cost of distribution channel IIb is greater, but the total marketing profit on this channel is also greater than that of channel IIa. This occurs because the selling price at each institution's level between several destination regions is also different. The selling price at the merchant collector level in Pinrang Regency and Pare-pare City is 4,500, - / comb, while the destination for Maros Regency and Makassar City is 6,000, - / comb. Likewise, the price at the consumer level, in Pinrang Regency and Pare-pare City the selling price is 6,000, - / comb, while in Maros Regency and Makassar City the selling price is 10,000, - / comb. This higher selling price will cover greater marketing costs so that the profits obtained by both individual agencies and in total will be large. This is following the research conducted by Rokhman Permadi (2016), which states that the costs incurred differ depending on the distance between farmers and consumers and the number of institutions involved in the marketing system. That is in line with the research results conducted in Pinrang Regency that the distance determines the number of costs incurred by farmers and marketing institutions, namely Kepok banana collectors in Pinrang Regency.

The development of kapok banana in Pinrang Regency can be developed because banana products can be sold fresh, processed bananas and used as banana product diversification. Technological developments can make it easier to sell the products produced. Following research conducted by Yuni Sugiarti (2014), the demand for the world's banana fruit commodity is indeed very large, especially the cavendish banana, which covers 80% of the world's total demand. The relatively large national production volume and harvested area are compared to other fruit commodities, making banana a leading crop in Indonesia. There are several things in the marketing system that still need to be addressed. In this case, improvements in the IT sector are indispensable. This system is useful for introducing online sales of bananas at Mahkota Pisang stores and can improve performance to minimize the risk of errors in managing sales transactions. The establishment of an e-commerce system that can help Mahkota Banana Shop introduce and sell bananas online and manage product data,

customer data, and sales data. In addition, the land potential of Pinrang Regency to become a center for banana production in South Sulawesi is very available and used as banana plantation land by paying special attention to the cultivation process of Kepok banana from upstream to downstream of banana agribusiness so that it becomes a competitive banana product.

From the upstream banana agribusiness in general, the use of agricultural tools/machinery in banana farming starts from land preparation to processing. However, the operational use of these tools and machines for small-scale banana farming is still costly and can only be done by large plantation companies. Tillage involves a tractor machine to dig and level the ground. Most people's gardens still use tillers or part of the weevil that the farmers cultivate themselves. Tissue culture seeds are generally held to fulfill requests for expansion programs from the government or the opening of gardens by private parties and the use of tissue culture seeds has never been used by banana farmers in Pinrang Regency.

The banana plantation business in Pinrang Regency is mostly in yards and moor. Infrastructure facilities, especially irrigation, do not yet exist. Packaging facilities, transportation means, houses/warehouses for fresh handling also do not meet good standards. Likewise, capital facilities are still minimal. Several pre-harvest and post-harvest technological innovations from research results are available, including seed technology, nutrient management, pest and disease management, and fresh and post-harvest handling. However, banana farmers in Pinrang Regency have not been able to implement it because of the inability of pets.

D. Conclusion

In the marketing process of Kepok bananas in Pinrang District, farmer respondents are marketing Kepok bananas' products through two marketing channels. The two marketing channels, namely channel one, are Farmers to Consumers, channel two Farmers to Collecting Traders, and then to Retailers ending in 0Consumers. From these marketing channels, it can also be seen that the marketing agencies involved are collectors and retailers. Each marketing agency involved requires a fee to carry out marketing functions such as loading costs, transportation costs, user fees, consumption, and others.

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