Marketing Analysis of Cattle at Pagak Market

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ABSTRACT

This study was designed to determine marketing channels, marketing margin, farmer share, and marketing efficiency levels of cattle marketing at the Pagak market, Malang district. The sample population is as many as 20 traders. This study uses a survey method. The results showed that there are 3 distribution channels in the Pagak cattle market, 1): farmers – traders – farmers, 2): farmers – traders 1 – traders 2 – farmers, 3): farmers – traders – slaughterhouse. The biggest marketing margin of the three marketing channels is the marketing channel 3 for bulls, and the lowest is channel 3 for female cows. The biggest farmer share is the marketing channel 3 for bulls, and the lowest is channel 2 for female cows. The lowest marketing efficiency is the marketing channel 3 for bulls, and the biggest is channel 1 and 2 both for female cows.

Keywords: marketing channels, marketing margins, farmer share, marketing efficiency.

1. INTRODUCTION

The agricultural sector consists of subsectors of food crops, horticulture, forestry, plantations and farms, among the four subsectors that have an important role, the food sector has an important role in the provision of foodstuffs for the community in supporting the sustainability of life [1]. Marketing will bridge the distribution of goods to consumers. Marketing channels in the farms subsector are unique or specific compared to others.

Pagak District is one of the cattle producers in Malang Regency. There is a cattle market that is held every "kliwon market" (according to the Javanese calendar). Based on the description of one of the cattle traders there, the cattle market in Pagak District is gradually decreasing. This market only operates from morning to noon. Cattle that are there are limited to limousine and simmental beef cattle, which are the main population of beef cattle that are kept by the local community. This research was conducted to analyse the marketing of beef cattle in the Pagak cattle market. With the hope that this market can continue to survive and become one of the big cattle markets in the future.

Beef cattle farming is a business of high economic value. Thus, allowing farmers to earn enough income and one of the determining factors in the development of farms is an efficient marketing system [2]. Marketing is a process of distributing products produced by producers in order to reach consumers [3].

Marketing analysis is a research activity on market conditions, in this case the aim is to determine marketing channels, marketing margins, farmer share, and marketing efficiency. This analysis of beef cattle marketing is important to study as an effort to inform the marketing channels and distributions that occur, how big is the margin generated in the marketing system and how is the beef cattle marketing process efficient at the relevant institution level [4].

2. RESEARCH METHODS

The research was carried out in March 2021 at the Pagak cattle market, Pagak District, Malang Regency. This study uses a survey method. Primary data obtained from direct interviews using questionnaires or a list of questions that have been prepared previously. And secondary data obtained from sources related to research. The questions asked relate to the purchase price, selling price, cattle care costs, marketing costs, where they buy, and to whom they sell. The object is determined by purposive sampling. That is, traders who

have at least 10 years' experience and remain consistent in selling.

Data analysis method using the formula for Marketing Margin, Farmer Share and Marketing Efficiency[5]

1. Marketing Margin

$$MM = CP - PP \qquad (1)$$

Where:

MM = Marketing Margin

CP = Consumer Price

PP = Producer Price

2. Farmer Share

$$FS = \frac{Pf}{Pr} \; x \; 100\% \qquad (2)$$

Where:

FS = Farmer Share

Pf = Price Farmer

Pr = Price Reseller

3. Marketing Efficiency

$$ME = \frac{MC}{P} x \; 100\% \qquad (3)$$

Where:

ME = Market Efficiency

MC = Market Cost

P = Price

3. RESULTS AND DISCUSSION

All respondents who have answered the questionnaire are men aged between 40-50 years, who have more than 20 years of experience as a cattle trader.

3.1. Marketing Channel

There are 3 marketing channels that occur in the Pagak market.

3.1.1 Farmer – Trader – Farmer

Farmers sell their cows to trader, and trader sells them to other farmers/ breeders to raise. Farmers sell through traders because the trading relations of traders are wider than farmers. Also, the ability of traders to pay in cash, preferred by farmers.

3.1.2. Farmer – Trader 1 – Trader 2 – Farmer

In this distribution channel, cows go through several traders before consumer buy them. This marketing channel is the most common condition in the Pagak cattle market. The majority of traders in Pagak market if their cows do not get buyers from farmers, they will be sold to fellow traders. The profit obtained is relatively smaller but the traders prefer this channel to avoid the increase in costs incurred during marketing.

3.1.3. Farmer – Trader – Slaughterhouse

Cattle that are ready to be slaughtered will be sent or sold to slaughterhouse. sometimes the slaughterhouse raises cows that are still not ready to be slaughtered.

3.2. Marketing Margin

The marketing margin of each channel in this study is calculated for both female cows and bulls. So there are 6 marketing margin calculation results.

Table 1. Marketing Margin

Channel		Marketing Margin (in Rupiah)
1	Bulls	850,000
	Cows	830,000
2	Bulls	1,035,000
	Cows	1,025,000
3	Bulls	1,075,000
	Cows	825,000

3.3. Farmer Share

Farmer share is how many shares are received by producers or in this study are farmers. Farmer share is the percentage of the selling price of farmers at the retail level or the price that must be paid by the end consumer [5].

Table 2. Farmer Share

Channel		Pf (in Rupiah)	Pr (in Rupiah)	FS (%)
1	Bulls	15,150,000	16,000,000	94.6
	Cows	12,950,000	13,780,000	93.9
2	Bulls	15,150,000	16,185,000	93.6
	Cows	12,950,000	13,975,000	92.6
3	Bulls	33,800,000	34,875,000	96.9
	Cows	18,300,000	19,125,000	95.6

3.2 Marketing Efficiency

Efficiency marketing is calculated based on marketing costs and the farmers selling price.

Table 3. Marketing Efficiency

Channel		MC (in Rupiah)	P (in Rupiah)	ME (%)
1	Bulls	15,150,000	93,825	0.61
	Cows	12,950,000	93,825	0.72
2	Bulls	15,150,000	94,000	0.62
	Cows	12,950,000	94,000	0.72
3	Bulls	33,800,000	92,438	0.27
	Cows	18,300,000	92,438	0.50

3.3 Discussion

Marketing distribution pattern is one of the main problems in the marketing process. Long marketing channels led to increased marketing margins, so the final price to be paid by consumers are becoming higher and part of the price received by farmers as producers become increasingly smaller [6].

Farmer – Trader 1 – Trader 2 – Farmer marketing channel is the most common condition in the Pagak cattle market. In this distribution channel, cows go through several traders before consumer buy them. The majority of traders in Pagak market if their cows do not get buyers from farmers, they will be sold to fellow traders. The profit obtained is relatively smaller but the traders prefer this channel to avoid the increase in costs incurred during marketing.

All three channels involve traders in the process. The role of traders very dominant in determining price. The business experience of beef cattle traders is quite high or long because traders are required to have the ability to estimate the quality and quantity of beef cattle to be purchased, for example estimating the age of the cattle, body weight and carcass percentage [6]. The determination of the selling price of cattle in Kediri Regency, beside determined by the body weight of the cow, also added the criteria for the physical performance (appearance) of the cow, for example being thin, not dull in colour or with defects, then the price of the cow is lower than the value of the weighing result [7]. There is a difference between the weight of beef cattle based on assessment by intermediary traders and the weight of cattle based on weighing of 3.47 kg for bulls and 4.23 kg for female cattle, overall [3].

In order to proceed with a transaction, producer must search for information and monitor the ongoing process to ensure a favourable deal. The costs involved in such transaction-related activities are called transaction costs. In economics and related disciplines, a transaction cost is a cost incurred in making an economic exchange (restated: the cost of participating in a market) [8].

Negotiation costs arise from the physical act of the transaction and are influenced by the way in which the transaction is carried out [9]. When there is price bargaining in transactions with traders, in general, traders have stronger bargaining power compared to farmers. The selling price also varies depending on the estimated weight of the beef and the bargaining position between collectors and inter-regional traders (buyers) [10]. However, traders have experience in selecting good cattle, as well as determining the price of an animal. So that their existence is very important in the world of animal husbandry, especially ruminants such as cattle, goats and sheep [11].

The size of the marketing margin is influenced by changes in marketing costs, intermediary profits, prices paid by end consumers and prices received by producers [12]. The number of marketing agencies involved results in a longer marketing channel and a larger marketing margin [13].

The size of the farmer share is influenced by the length of the marketing channel and the selling price set by the retailer to consumers. The higher the percentage, the greater the share received by the producer. The highest percentage of farmer share is when consumers get product directly from farmers. Thus the marketing channel used is from producers directly to consumers. The share received by producers will be smaller if more marketing agencies are involved in marketing. [14]

Marketing efficiency is influenced by marketing patterns and other factors outside the marketing model, while marketing margins are also determined by revenues and deducted by costs incurred during the production process [15]. If the share received by the producer is > 50%, then the marketing is said to be efficient, and if the share received by the producer is ≤ 50%, it means that the marketing has not efficient. [16]

4. CONCLUSION

There are 3 distribution channels in the Pagak cattle market, 1): farmers – traders – farmers, 2): farmers – traders 1 – traders 2 – farmers, 3): farmers – traders – slaughterhouse. The biggest marketing margin of the three marketing channels is the marketing channel 3 for bulls, and the lowest is channel 3 for female cows. The biggest farmer share is the marketing channel 3 for bulls, and the lowest is channel 2 for female cows. The lowest marketing efficiency is the marketing channel 3 for bulls, and the biggest is channel 1 and 2 both for female cows.

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