International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Relationship Marketing Between Hydroponic Farmers And Buyers (Case Study Of Mardika Ambon Market)

Resfilgha Gloria Sahupala[1], S.F.W.Thenu[2], M.T.F.Tuhumury[3]

[1,2,3] Agribusiness Study Program, Department of Agricultural Socioeconomics, Faculty of Agriculture, Pattimura University, Ambon, Jln Ir. M. Putuhena, Poka Campus – Ambon 97233

Abstract

The purpose of this research is to describe how relationship marketing between hydroponic farmers and the Mardika Ambon market, and determine the type of relationship marketing. This research uses quantitative analysis and qualitative analysis, and uses a Likert scale to measure the level of trust and commitment of the Mardika market. The results showed that relationship marketing between hydroponic farmers and Mardika market has low trust and commitment due to high oppurtunistic value, low value sharing, low disconnection cost, high functional conflict and high uncertainty. and is included in the transactional relationship marketing type.

Keywords: Relationship Marketing, Hydroponics, Trust, Commitment

INTRODUCTION

Vegetables which are horticultural crops have a fairly high commercial value. Because vegetable crops are agricultural products that are always consumed every day. Horticultural commodities have high economic value, can be a source of income for the community and farmers both small, medium and large-scale, because they have the advantages of high selling value, diversity of types, availability of land resources and technology, as well as the potential for market absorption in the country and internationally that continues to increase. Hydroponic vegetable cultivation is a farming business with adaptive technology to changes / innovations that can provide relatively large profits (Nana *et al*., 2018; Ismail 2019; Kilmanun and Ndaru, 2020).

This makes the demand for hydroponic vegetables continue to increase along with the increasing level of public awareness of the importance of consuming nutritious

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vegetables. With the relatively high market demand for hydroponic vegetables, vegetable producers (farmers) and distributors (vegetable sellers) face their own challenges in meeting market demand. To be able to meet the growing market demand, it is necessary to build good environmental relations between vegetable sellers and vegetable producers. Vegetable producers must ensure that the vegetables they produce can meet market demand and prevent the market from experiencing vegetable shortages.

Table 1. Total Vegetable Production in Ambon City in 2021

No	Plant	Yield (Ton)
1	Kangkung	11.292,63
2	Cabai Rawit	502,46
3	Buncis	3.209,95
4	Kembang Kol	458,61
5	Sawi	10.201,64
6	Good siam	11.294,55
7	Tomat	7.078,92
8	Bayam	3.931,57
9	Cabbage	2.151,00
10	Eggplant	8.175,50
11	Bawang merah	412
12	Daun bawang	731,5
13	Kacang Panjang	12.701,00
	Sum	72.141,33

Source: BPS, 2021

Table 1. shows the amount of vegetable production in general which is quite high in the city of Ambon. This is also because data on the demand for hydroponic vegetables in Ambon City is not statistically available, and has not been well documented. Based on the survey summary results, the average per capita expenditure per month according to vegetable commodity groups in Ambon city for 2022 is IDR 64,620, up from 2021 expenditure of IDR 50,196 (BPS, 2022). But for hydroponic vegetables themselves, there is no exact data on consumption or expenditure. The number of hydroponic businesses in the city of Ambon in 2021 is 36 businesses with production capacity according to the

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overall planting hole ranging from 90-8000 planting holes with types of vegetables including lettuce, spinach, kankung, pakchoy, celery, mustard, Caisim, Samhong, kale, Pagoda, Arugula, Sawi Shinta, Broccoli, etc. (Ambon City Government, 2021).

This makes farmers need marketing agencies to market their vegetable production. Marketing itself, is an important thing that manufacturers need to do so that their products can be sold out. Marketing activities are introducing and delivering the products produced to consumers, even though the products produced have excellent quality and have advantages do not mean that the product can find its own buyers, so marketing agencies are needed to help distribute products from producers to consumers. Marketing agencies can not only help in terms of marketing, but also the existence of marketing institutions can help cooperation between producers in this case hydroponic farmers and in the hope that it can help efforts to increase income. Modern markets and traditional markets are marketing institutions that can sell vegetables from farmers. Modern markets and traditional markets will obtain vegetable products from farmers and sell them directly to consumers. This hydroponic vegetable marketing channel, starting from hydroponic farmers, then sold to intermediaries or distributors such as *markets* and finally purchased by consumers. This distributor has a cooperation contract with hydroponic farmers.

Some hydroponic farmers in Ambon City in addition to selling or supplying their vegetables in modern markets, hydroponic farmers also supply in traditional markets. One of them in the city of Ambon is the Mardika traditional market. The type of vegetable commonly found in Mardika market is lettuce. The relationship between farmers as sellers and traditional markets as distributors who buy vegetables from these farmers must run well, so there needs to be two-way communication that will connect farmers and both buyers of the market. According to Saputra (2010) a good marketing relationship is supported by several things, namely trust, commitment, communication and the ability to handle conflicts.

A well-established marketing relationship between traditional hydroponic farmers will help facilitate the existing marketing process. Farmers will find it easier to get market information so that selling prices can be adjusted to market conditions, so that the Mardika market can get vegetables from farmers more easily. Factors that can affect the quality of *relationship marketing* according to Maheswari *et al* (2008), in *Tita (2012*) include trust, commitment and flexibility of two-way communication. Building a good relationship between hydroponic farmers and traditional markets will benefit every party involved in this cooperation, both for farmers and traditional markets. For hydroponic farmers, of

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course, with good relationships, hydroponic farmers will find it easier to sell their products because they already have clear buyers, besides that farmers will get good market and price information so that they can increase the income of hydroponic farmers themselves. For traditional markets, vegetables supplied from hydroponic farmers will later be in accordance with the needs of quality and quantity, so that traditional markets can meet market demand for hydroponic vegetables.

RESEARCH METHODS

This research took place in Ambon City, namely Mardika Traditional Market and Hydroponic Farmers who have a buying and selling relationship. . The research location was chosen because it is one of the suppliers of hydroponic vegetables in the city of Ambon which is quite widely known among the public. Data sources in this study are primary data and secondary data. This study used *purposive sampling*. This study only took the Mardika traditional market (buyers) because the Mardika traditional market sells hydroponic vegetables. And for the sample of hydroponic farmers, the population of hydroponic farmers in Ambon City is 36 hydroponic farmers. Researchers took a sample of hydroponic farmers (sellers) as many as 10 farmers based on the results of tracking hydroponic farmers who supply to the Mardika traditional market. Data collection methods in this study are observation, interviews and documentation. Data analysis techniques that will be used in this study are: To answer the research objectives, qualitative and quantitative descriptive analysis is used. In addition, the Likert scale is also used to measure the level of trust and commitment of buyers (Mardika market) and sellers (hydroponic farmers).

RESULTS AND DISCUSSION

Mardika Market is a traditional market that is quite old in Ambon City and is the most complete place for Ambonese people to buy various daily necessities ranging from groceries to living necessities such as building materials, clothing and even banking services. The traditional condition of the Mardika market until now is still maintained and this is precisely the advantage it has in the midst of the rampant development of various modern shopping centers in Ambon City and this place is always crowded, both during the day and at night. Mardika Market is a very heterogeneous market where Ambonese people depend on various necessities of their daily lives.

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Characteristics of Respondents

Age of Respondent

The age of the respondent is the age of the respondent when the interview was conducted with the unit of calculation of years. Based on the data obtained, the majority of respondents were aged between 35-51 years, namely 8 farmers with a percentage of 80 percent, and 5 traders with a percentage of 50. As is known, farming and trading activities are related to the level of physical ability. Where farmers with productive age will have a higher level of productivity. Ssimanjuntak (1985) states that the productive age group is 15 to 60 years. Age will also affect a person's ability to make transactions and purchase of products.

Gender

According to Hungu (2007) in Purimahua (2014), sex is the difference between women and men biologically since a person is born. Based on the data obtained, it shows that the majority of repondents, both hydroponic farmers and Mardika Market traders, are men, 8 farmers with a percentage of 80 percent, and 6 traders with a percentage of 60 percent, and 2 female farmers with 20 percent, and 4 female traders, 40 percent.

Education Level of Respondents

The level of education in question is the last level of formal education taken by respondent farmers. The level of education indicates the intellectual ability and insight of the respondent. Based on the data obtained, it shows that the average farmer respondent has an S1 / S2 education level of 6 respondents with a percentage of 60 percent and high school as many as 4 respondents with a percentage of 40 percent. Respondents traders with high school education as many as 6 respondents percentage 60 percent, S1 / S2 percentage 10 percent and SMP 3 respondents with a percentage of 30 percent.

Trust and Commitment in *Relationship Marketing* between Hydroponic Farmers and Buyers (*Frish Fresh Market* and Mardika Market)

Communication Relationship with trust in *Relationship Marketing* between Hydroponic Farmers and Buyers

Communication is a very important tool when you want to build a relationship with someone. Communication is a glue tool between the company and its customers, so communication has a vital role in fostering relationships.

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Based on the results of the study, it shows an average presentation of 85.6 percent which is included in the criteria of Strongly Agree with a range of 80-100 percent, and is included in the high category

Hydroponic farmers who supply at the Mardika market, often communicate related to vegetables to be supplied with direct two-way communication between farmers and traders, the communication medium used is communication via telephone. Within a month hydroponic farmers were able to receive requests for 100-200 packets of lettuce vegetables from different traders at Mardika Market. With the agreed price of Rp 10,000 – Rp 12,000 per pack. Farmers and traders claim to communicate without pressure, communication is carried out without any coercion from other parties, and communication is not too formal. Farmers and traders are able to maintain good communication to facilitate the supply of vegetables. This is in accordance with the research of Morgan and Hunt (1994) states that communication is the sharing of useful and timely information between partners both formally and informally. Communication is one of the factors that play an important role in the negotiation process and exchange between buyers and sellers (Knox and White, 1991 in Tuhumury, 2009).

Communication between hydroponic farmers, Frish Fresh Market and Mardika market is quite well established so that farmers' trust in buyers is high. This is evidenced by the long cooperation between hydroponic farmers and Frish Fresh Market as well as Mardika market

The Relationship of Opportunistic Behavior with Trust in *Relationship Marketing* between Hydroponic Farmers and Buyers

From the results of the data analysis conducted by the author, it can be seen that the total score of respondents' responses to oppurtunistic behavior is on the criteria of agreeing, which is 68 percent and is included in the high category. This means that respondents agree that both parties are only selfish, and can harm each of the partners. Selfishness / certain parties are personally seen from farmers supplying vegetables with poor quality to traders. Traders feel aggrieved because they have taken a lot of vegetable supplies but they are not sold out because many vegetables are damaged, resulting in a lack of purchases from end consumers. Traders also feel that farmers are not open and related to the quality of vegetables they want to supply.

Not only traders who feel disadvantaged or feel that farmers only benefit themselves, hydroponic farmers also feel that traders are only selfish. This is due to the discrepancy in the agreement between merchants regarding payments. Some merchants

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pay in cash and there are some merchants who make non-cash payments. Non-cash payments are made when traders pick up hydroponic vegetables from farmers and are paid after the vegetables are sold out. This cashless payment, makes inaccurate payment to farmers which ultimately results in conflict and dishonesty in establishing relationships.

Shared Value Relationship with Trust and Commitment in Relationship Marketing between Hydroponic Farmers and Buyers

According to Morgan and Hunt (1994) shared values or shared values is the extent to which both parties involved in a relationship have the same beliefs about a behavior, goals and policies whether important or not, appropriate or not and right or wrong.

Respondents' responses were on the criteria of agreeing, which was 80 percent by entering the high category. Farmers feel that they have been honest in establishing relationships, farmers are able to keep promises in supplying vegetables and are fair in determining prices. However, from the results of interviews obtained at the Mardika market, traders sometimes feel dissatisfaction with the cooperation carried out, traders with hydroponic farmers. Traders feel that there is dishonesty of hydroponic farmers in supplying vegetables.

Traders claim to often experience losses because the supply of vegetables under hydroponic farmers is often damaged. Some damaged vegetables were forced to be bought by traders because they had agreed on how many packets were supplied on that day, even though traders had chosen good vegetables among some damaged ones, traders still felt dissatisfied and felt there was no honesty in establishing this relationship. In addition, traders also feel that farmers do not keep promises in relationships, because traders often do not receive the amount of supply demand as agreed, such as farmers promising to bring 30 supplies of hydroponic vegetables, but farmers actually bring less than 30, this makes traders feel farmers are inconsistent with the agreements and promises made, this also happens because farmers who have given vegetables to other traders or supply to other places that resulting in a lack of supply to merchants that has been promised.

Termination Cost Relationship with Commitment in Relationship Marketing between Hydroponic Farmers and Buyers

The tabulation results show the response of hydroponic farmers who supply at Mardika Market to the cost of disconnection with a total average score of 85.33 percent which is in the criteria of strongly agreeing and low categories. Similar *to Frish Fresh*

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Market, hydroponic farmers who supply at Mardika Market do not want to lose customers, considering the high demand for hydroponic vegetables in Mardika Market makes farmers do not want to lose opportunities to make profits. For traders at Mardika Market, selling hydroponic vegetables has less and more, less experienced by traders related to problems with farmers both in terms of vegetable quality, price, and uncertainty of supply, but traders feel profitable in selling hydroponic vegetables because many end consumers buy hydroponic vegetables, for end consumers the price in traditional markets is much cheaper than modern markets. Traders also admitted that there are not many who sell hydroponic vegetables (lettuce) so that traders are not too many rivals in selling them, and traders already have several regular consumers in buying hydroponic vegetables, therefore both traders and farmers are not easy to break the relationship. Regarding paying the termination fee, neither the farmer nor the trader has any agreement regarding paying the termination fee, as is the case with *Frish Market* if suatau when the termination occurs then the farmer simply stops supplying without asking for any cost, unless the trader has not paid on the previous supply then the trader is obliged to pay even though the disconnection has occurred.

Social *Bond* with Commitment in *Relationship Marketing* between Hydroponic Farmers and Buyers

The social relationship of hydroponic farmers with Mardika Market is relatively low, both farmers and traders in the market have no family relationship or friend relationship at all. Based on the tabulation results, the total average score of 20 percent in the criteria strongly disagrees with the low category *of relationship* that occurs because farmers offer vegetables to traders. Traders also admitted that they only take vegetables when there is a vegetable car coming, if many buy hydroponic vegetables, traders will look for farmer contacts from the next vegetable car and contact farmers to cooperate, This is also agreed by the farmers themselves, so farmers will be much easier to know how much must be supplied to the market.

The social ties that exist between hydroponic farmers and Mardika Market are not very common in relationships although some farmers and buyers have personal relationships. Social ties have been categorized as weak for transactional farmers and buyers do not help farmers or seek to strengthen their relationships by making certain investments. Therefore their relationship is more like a business relationship than a close personal relationship.

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Outcomes of Trust and Commitment

Aquiescence

Adaptation is an important factor in building collaborative relationships (Axelsson, 1992 in Bujang, 2007) and facilitating the emergence of healthy collaborative relationship networks (Sineldin, 2000 in Bujang, 2007). Both suppliers and companies may modify products or services and administrative procedures to match others. It is used to resolve problems that arise or due to the request of both parties. The supplier may agree to reduce delivery time upon request from its customers or the company will change the product design to match the difficulties experienced by the supplier in the production process.

The total average score of adaptation percent in the Mardika market is 46 percent with neutral criteria in the low category. The relationship between farmers and Mardika Market is not easy to adapt, this is because farmers are unable to meet the demand for vegetables that are wanted, making the trust of Mardika Market traders low. Farmers admitted that they could not meet the amount of supply at Mardika Market if they experienced bad weather. When there is bad weather, hydroponic vegetable production decreases not only production but also the quality of the vegetable becomes poor. Making it difficult for farmers, farmers have to choose vegetables that can be supplied and are forced to supply poor quality.

Propenstity To Leave

The response of farmers who supply to the Mardika market shows an average total score of 30 percent with the criterion of disagreeing, which means that being in the low category means that farmers feel satisfied and do not easily leave the relationship that has been established. This dissatisfaction actually occurred in Mardika market traders. Merchants are dissatisfied in cooperation. Traders say every cooperation in relationships must have its own sense of dissatisfaction. The sense of dissatisfaction that is present between the farmer and trader relationship occurs when the farmer is unable to meet the requested or agreed upon demand for hydroponic vegetables.

Cooperation

A partner who is committed to a relationship will cooperate out of a desire to make the relationship work (Morgan and Hunt, 1994).The results showed an average total score of 80 by being in the criteria of strongly agreeing with the high category. Hydroponic hydroponic farmers feel that they have been able to cooperate well, by exchanging

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information with each other, but it is different from the opinions of traders in Mardika Market who feel that the cooperation carried out is not so good, this is related to dishonesty and fraud experienced by Mardika Market traders themselves, dishonesty is like that experienced by traders by feeling disadvantaged related to supplying poor quality vegetables. The trader stated that although the quality supplied was poor, farmers still got paid from selling their hydroponic vegetables to traders, but the conditions of the traders themselves were different, if the quality vegetables were sold the end consumers did not want to buy and made the traders have to store vegetables again. If the vegetables cannot stand then the trader must throw them away and not get the proceeds from the sale of the hydroponic vegetables. Therefore, it ends up creating a lack of trust and commitment in traders.

Functional Conflict

Dwyer et al (1987) in Tuhumury (2009) say that conflict or disagreement can occur in a relationship at any time. If these conflicts and disputes are not resolved peacefully then hostile feelings and behaviors will arise in a relationship that can lead to the dissolution of the relationship (Morgan and Hunt, 1994). However, if a dispute or misunderstanding can be resolved amicably, it can be referred to as a functional conflict because the resolution process can stimulate the desire to address the problem with the best possible solutions and can prevent stagnation in the relationship (Deutsch, 1968 in Morgan and Hunt, 1994).

In the Mardika market, farmers and buyers claimed to have experienced conflicts with an average total score of 68 by being in the criteria of agreeing with the high category. Farmers and traders of Mardika market admitted that the conflict occurred because of late payments and vegetables supplied not as desired by farmers, resulting in farmers and traders experiencing conflicts. However, farmers and buyers are able to resolve the conflict by mutual communication. Traders also revealed that traders once wanted to leave the relationship, but that did not happen because traders did not want to lose opportunities in selling hydroponic vegetables, besides that traders did not want to deceive buyers who had subscribed in their place. Therefore, the solution is only done in good communication and commitment to cooperate better in the future.

Uncertainty

The Mardika market experiences opportunistic behavior, which results in uncertainty in making such decisions. The uncertainty in question, where the average

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total score of 62 percent in the criteria agrees with the high category, uncertainty that occurs due to farmers who feel traders are not right in making payments. Traders who feel farmers have not been able to meet the demand for vegetables, the amount of hydroponic vegetable supply that is not in accordance with the demand of traders and traders who experience product uncertainty where when contacting farmers, farmers say they will supply good vegetables, but precisely when hydroponic vegetables come traders find the vegetables are of poor quality, this makes the level of confidence in the relationship between hydroponic farmers and Mardika Market traders weak.

Types of *Relationship Marketing* between Hydroponic Farmers and Buyers

The type of *relationship marketing* between hydroponic vegetable farmers and buyers (Pasa Mardika) was evaluated using content strategies based on measured variables adjusted to the commitment-trust relationship model by Morgan and Hunt (1994) such as communication, value sharing, disconnection costs, oppurtunistic behavior, and social ties. From the results of research, farmers have a transactional relationship with Mardika Market. This is shown because trust and commitment have a negative impact, some common characteristics are the presence of oppurtunistic behavior, no shared values, and low termination rates. Traders at the Mardika market feel that farmers are looking for profit and are selfish because farmers sometimes supply vegetables that have poor quality, but traders still have to pay for these vegetables. Opportunistic behavior is demonstrated by placing personal interests or individual goals above associated collective goals to satisfy others. There is no concern about the satisfaction or loyalty of the other party in the transactional relationship, but rather there is on the delivery of functional components and the delivery of value. As a result, opportunistic parties may not succeed in revealing information and giving false impressions and misunderstandings in relationships (Gundlach et al, 1995; Williamson, 1985; Coviello and Brodie, 2001).

CONCLUSION

Trust and commitment between hydroponic farmers and Mardika Market is low, due to high oppurtunistic values, as well as outcomes obtained from trust and commitment with high uncertainty values. Thus, the *marketing relationship* between hydroponic farmers and Mardika Market is included in the type of transactional relationship because of the oppurtunistic value.

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