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Added value and marketing mix of Anoa coffee products in South Konawe district after covid-19 pandemic

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Abstract

One of the various leading agricultural commodities in South Konawe, and one that has undergone a good downstream process on the part of farmers, is coffee. This research aims to study and analyze the increase in added value, quality, and marketing mix of new brand Anoa coffee products after the COVID-19 pandemic. The data were collected from 18 coffee farmers in three sub-districts (Landono, Benua, and Mowila) and the home industry (CV Kopindo Sukses Bersama) and analyzed using Hayami's method. The added value of anoa coffee products was 68%; when comparing the results before and after pandemic COVID-19, the price of raw materials for processing ground coffee after pandemic COVID-19 remained consistent. Also an increase in the added value of coffee products, such as 12%, accompanied by efforts to increase the selling price of ground coffee products. Furthermore, the marketing mix product anoa coffee has a new image packaging design (Tolaki dancers and traditional houses), so it has unique visual and cultural value on the packaging, and now they have various anoa coffee products (Robusta, Wine, anakia, and blend arabica robusta). The diversity of the product can reach all coffee connoisseurs, from the lower middle class to the upper middle class.

Keyword: Added-value, Coffee, marketing mix

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INTRODUCTION

South Konawe Regency is the largest area in Southeast Sulawesi province. This regency has an area of 5,779.47 km^2 or 15.18 percent of the total area of the province (38,067.7 km^2) (BPS, 2021) The potential for land area in South Konawe Regency is very good for increasing land use so that it can support economic growth in South Konawe.

Economic growth in South Konawe Regency as a whole from 2016–2020 has continued to decline from 6.95% to -2.22% (BPS, 2021). However, the contribution of the agricultural sector to the South Konawe economy remains stable, namely in the range of 27.17–26.65% from 2016–2019, and has even increased in 2020 (29.39%) (BPS, 2021). This indicates that the agricultural sector is the main driver of the economy in South Konawe even during the pandemic COVID-19.

The leading agricultural commodities in South Konawe Regency consist of several types of commodities, namely coffee, coconut, pepper, and patchouli. Of the various leading agricultural commodities in South Konawe, the only one that has undergone a good downstream process on the part of farmers is coffee. However, the productivity of coffee plants in South Konawe is still relatively low, namely 240 kg/ha (BPS, 2022). Low productivity hinders the sustainability of coffee commodity production. Government efforts to develop coffee commodities are provided through training, assistance with production facilities, fertilizer subsidies, information, market access, and others. to be able to succeed in the Foreign Exchange Village program and absorb more manpower to increase the added value of coffee products (Dinas Tanaman Pangan, Hortikultura dan Perkebunan, 2022)

This coffee commodity is not only sold wet or in logs, but farmers also sell it in the form of coffee beans that have had the pulp and shell removed. Then, the coffee beans are sorted and dried to meet market quality standards. Furthermore, some were sold to MSME actors (CV. Kopindo Sukses Bersama) to be processed into ground coffee products known as the Anoa Coffee brand. Prior to the COVID-19 pandemic, the added value of a coffee product called tolaki coffee from CV. Kopindo Sukses Bersama was 62% (Punde et al., 2019). However, it has not yet included the product's marketing mix and does not include added value in the farmer sector.

Thus, we suspect that the development of a new brand of Anoa coffee after the Covid-19 pandemic will be able to increase the income of coffee farmers and the industrial processing sector in South Konawe even though it has continued to decline since 2016 - 2020 (BPS, 2021). Therefore, it is important to study and analyze the increase in added value, quality, and marketing mix of Anoa coffee products, which will be enjoyed by people in Southeast Sulawesi and other regional coffee connoisseurs.

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METHOD

This research was conducted in South Konawe Regency, Southeast Sulawesi. The data used in this study are primary and secondary data. Primary data was obtained through direct observation, filling out questionnaires, and interviews with 18 coffee farmers in 3 sub-districts (Landono, Benua, and Mowila), and the home industry (CV. Kopindo Sukses Bersama). Informants from coffee farmers are determined using the technique of snowball sampling, and for the home industry is determined intentionally. Secondary data obtained from previous literature by related agencies

The data were analyzed using qualitative and quantitative data analysis. The analysis of added value for processed coffee commodities in South Konawe Regency was calculated using the Hayami method (Hayami, 1987). This method was chosen because it has better application in a series of related industries in the supply chain, is easy to implement, and provides complete information to actors and workers. As for the analysis of the marketing mix of coffee products, it is carried out descriptively by looking at four aspects (product, price, place, and people) to obtain the desired response from the company in the target market.

RESULTS AND DISCUSSION

The Analysis of the Added Value dry coffee beans to Anoa Coffee

The calculation of the added value analysis of Anoa coffee processing aims to determine the added value of the processing of raw materials, namely coffee beans obtained from farmers, which are further processed into coffee powder (Anoa coffee). Input Anoa Coffee uses 2,000 kg of dry coffee beans as raw materials and produces 1,500 kg of coffee grounds with 236 (man work days /mwd) labor. The selling price of ground coffee is IDR 226,667 per kilogram, with an average labor wage of IDR 700,000 per day. The price of the raw material for making Anoa coffee is IDR 25,000 per kilogram, with the contribution of other inputs at IDR 30,110 per kilogram. The added value obtained from making Anoa coffee powder is IDR 20,446 per kilogram. This is illustrated in Table 1.

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Table 1. added value analysis of processing dry coffee beans into ground coffee (Anoa coffee)

Input, Output, Price		Value
Output (Kg)	A	1.500
Raw material / Input (Kg)	B	2.000
Labor (Man work days)	C	236
Conversion Factor (A/B)	D	0,75
The coefficient of labor (C/B)	E	0,118
Price of output per Kg (IDR)	F	226.667
Wage of labor (IDR)	G	100.000
Receipt and Profit		**Value**
Price of raw material (IDR)	H	25.000
price of other input (IDR)	I	30.110
Output value (DxF) (IDR/Kg)	J	170.000
a. Added value (IDR/Kg)	K = J-H-I	114.890
b. Added value ratio (%)	L = K/J	68
c. Labor income (IDR/mwd)	M = ExG	11.800
d. The share of labor (%)	N = M/K	10,2707
e. Profit (IDR/Kg)	O= K-M	103.090
f. Profit rate (%)	P= O/J	60,6

Source: Primary Data

Based on table 1, the added value ratio of ground coffee processing "Anoa coffee" is 68%, which is the ratio between added value and output value. The wage income for workers is 10.27% of the total profit (60.6%), which is IDR 11,800 per kilogram. Meanwhile, in a similar study (Fadli et al., 2021) the percentage of added value ratio was 2-3 times higher when it was still being processed by farmers as coffee beans compared to after further processing into ground coffee, with a profit level of processing ground coffee (36%) and coffee beans from farmers (21.6%).

So, this shows that the business of making ground coffee, in this case Anoa coffee, provides promising benefits, especially for the welfare of the surrounding community as a workforce, and is feasible for business development. For more details, a comparison of the income of farmers who only process dry coffee beans with home industry (CV. Kopindo Sukses

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Bersama) who carry out further processing of coffee beans into ground coffee (Anoa coffee) can be seen in table 2.

Table 2. Comparison of coffee processing income between farmers and home industry

Variable	Farmer (dry coffee beans)	Home Industry (ground coffee)
Output (Kg)	1.000	750
Price of output (IDR/Kg)	25.000	226.667
Total receipt (IDR)	25.000.000	170.000.250
Total cost of production (IDR)	5.272.500	41.332.500
Income (IDR)	19.727.500	128.667.750

Source: Primary Data

Based on Table 2, it is shown that further product processing into ground coffee provides greater income 6-7 times (IDR. 128.667.750) than just doing farming into dry coffee beans (IDR 19.727.500). In addition, an increase in the added value of a product can be affected by differences in raw material prices and output prices (Karyani et al., 2018), due to processing technical factors and market factors, (Hayami, 1987) even though the marketed products are the same. When comparing the results of previous studies, (Punde et al., 2019) after the COVID-19 pandemic, the price of raw materials for processing ground coffee remained consistent. Besides that, there was an increase in the added value of coffee products (±12%), accompanied by efforts to increase the selling price of ground coffee products, but profits and the distribution of wages for workers have decreased slightly (±10%) compared to before COVID-19. Therefore, this shows the importance of mapping the marketing mix to increase sales of ground coffee products (Anoa Coffee) after the COVID-19 pandemic.

Anoa coffee product marketing mix analysis

Marketing mix analysis serves to build a brand and achieve sales targets. In addition to product quality and pricing from competitors, strategic locations and marketing activities also determine the marketing mix of coffee products (Ledy et al., 2019). The marketing mix itself is the result of a collaboration of four elements (4P), which consist of product, price, place, and people. The following is the result of the marketing mix of Anoa Coffee products:

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Product

A product is something that is offered by sellers to fulfill the desires of their consumers. The anoa coffees produced have a shelf life of 17 to 20 months. The supply of these products only depends on consumer demand. The advantages of these products are that they are softer, more fragrant, and 100% coffee that is not mixed with other ingredients, and market segments are not based on age. Efforts to develop or expand the market for Anoa coffee powder entrepreneurs need a way to maintain the original coffee aroma. The damaged products are discarded and used as fertilizer.



Figure 1. Anoa coffee product packaging design

The packaging form of Anoa coffee products has a unique visual. The distinctive feature of Anoa coffee product packaging is the image of Tolaki dancers and traditional houses, so it has cultural value. Thus, Anoa Coffee has economic and cultural values that can compete with coffee products in Southeast Sulawesi. The packaging form is also easy to display because it uses aluminum foil standing pouch packaging.

Price

Price is one element of the marketing mix that can produce income. One of the factors that determines the success of a product on the market is its price, because price is the first consideration for consumers when buying or using a product (Epriani et al., 2017). The list of selling prices for Anoa coffee products can be seen in table 3.

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Table 3. Price of anoa coffee products

Types of products	Weight	Price
Tolaki Robusta	1 kg	IDR 80.000
Tolaki Wine	1 kg	IDR 200.000
Anakia	1 kg	IDR 400.000
blend arabica robusta / brewed robusta	65 g	IDR 5.000
blend arabica robusta / brewed robusta	130 g	IDR 10.000
blend arabica robusta / brewed robusta	165 g	IDR 15.000
blend arabica robusta / brewed robusta	250 g	IDR 20.000
blend arabica robusta / brewed robusta	500 g	IDR 25.000
blend arabica robusta / brewed robusta	10 kg	IDR 800.000

Source: Primary Data

Based on Table 3, the selling price of Anoa Coffee products varies according to the packaging. The highest price for Anoa coffee in 1 kilogram packaging was anakia at IDR 400,000 per kilogram, and the lowest for Robusta is IDR 80,000 per kilogram. The smallest package of 65 grams costs IDR 5,000, while the 500-gram and 10 kilogram packages cost IDR 25,000 and IDR 800,000, respectively. The diversity of product can reach all coffee connoisseurs, from the lower middle class to the upper middle class. This can maintain the existence of the Anoa Coffee business in Landono District, South Konawe Regency.

Place

The location of the business can affect the marketing of a product. The place is used by a business to produce and market its products to consumers (Imaniar and Wahyudiono, 2018). On-site businesses that are strategic and easy to reach are also an attraction for consumers to order or buy the product. The anoa coffee production location is the same place where the business actor lives, so it does not require the cost of procuring new buildings, and it is easier to control production and sales activities. The location is on the side of the road, making it easier for customers to access and locate. Marketing of coffee products has reached all over Southeast Sulawesi, Ambon, Malang, Bandung, and Jakarta. In addition, it will expand to reach Turkey. Anoa coffee production location can be seen in Figure 2.

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Figure 2. Location of Anoa coffee product

Furthermore, the product delivery method is carried out in two ways: directly by employees without additional costs and via courier at the expense of the consumer. Apart from that, to introduce anoa coffee, promotions were carried out through social media (Instagram, Facebook) and various events at the MTQ monument, Kendari City.

People

Employees at the Anoa Coffee business are members of the local community considered capable of being honest and diligent, so they can be trusted. Seven employees are involved without a division of labor system, with a working time of nine hours per day. There are efforts to increase morale for employees by providing a higher salary than at other places, and the owner is directly involved in helping employees at work. The coffee production is carried out every day as long as raw materials are available. If there are consumers who will complain, then that person is directly responsible for the condition of the product in its unopened packaging. If you meet these conditions, the product will be returned and replaced with a new one.

CONCLUSION

The added value obtained from processing anoa coffee has increased even after the COVID-19 pandemic. in this case Anoa coffee, provides promising benefits, especially for the welfare of the surrounding community as a workforce, and is feasible for business development. As for the marketing mix of Anoa coffee in terms of products, it is necessary for new product development with a clear target market, and for promotion, it is still relatively less intense because it only relies on social media and certain events.

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Recommendations for future business continuity, namely CV Kopindo Sukses Bersama as a Pioneer in the Development of Coffee Products in South Konawe, to be able to commit to supporting government programs in the development of instant coffee sachet products.

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