



Analysis Of Rice Marketing Channels At PP. Maju Jaya In Ranomeeto Sub-District, South Konawe District

Yuniar Azzahra¹, Azhar Bafadal², Sitti Aida Adha Taridala³

^{1,2,3} Department of Agribusiness, Faculty of Agriculture, Halu Oleo University, Kendari, Indonesia

Abstract

This study aims to analyze the rice marketing channels and the efficiency of rice marketing in PP. Maju Jaya. This study used a descriptive analysis, margin analysis and marketing efficiency. The determination of the sample of marketing institutions uses the snowball sampling technique to determine the distribution of rice starting from the PP factory. Maju Jaya then looked for distributors involved in distributing the rice. The research that has been carried out obtained the following results; (1) Marketing Channels involved in the rice marketing process from producers to consumers, namely: (a) On channel I PP. Maju Jaya distributes rice directly to Inter Island Traders (b)) On channel II PP. Maju Jaya distributes rice to wholesalers and then resells it to final consumers and (c) On channel III PP. Maju Jaya distributes rice to wholesalers and then sells it to retailers and resells it to final consumers (2) Percentage of the share of prices received by producers on rice marketing channels by PP. Maju Jaya in channel I is 100%, channel II is 92%, and marketing channel III it is 80% which shows the three marketing channels have been efficient because the percentage of prices received by producers is greater than 50%.

Keywords: Marketing Channel, Rice, Marketing Efficiency

INTRODUCTION

Rice is a basic need for human life from a physiological, psychological, social and anthropological perspective. For Indonesian people, rice is a very important commodity, not only from the producer side but also from the consumer side. Before becoming rice, rice will go through several post-harvest stages, namely: harvesting rice, storing rice, threshing rice, drying rice, milling the grain until it becomes rice. The main problem faced by farmers from the post-

177

IJETER, Volume 01 Issue 03, 2023



Copyright to the author of some rights reserved This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

harvest rice process is quite high yield losses (Sartika and Ramdhani, 2018).

Indonesia, as an agricultural country where the majority of its population earns its living as farmers and with a population of more than 250 million people, of course requires efforts to improve the quality and quantity of agricultural products, especially food crops. One of the important food crops is rice with the main product being rice. Rice is a staple food consumed by the majority of Indonesian people and is a strategic commodity that receives priority treatment in agricultural development. However, before paddy turns into rice, it certainly requires several stages, including the milling process. This milling process has become one of the agro-industrial business sectors engaged in post-harvest rice management (Saputro et al., 2018).

Indonesia is the third rice producer with production reaching 75.5 million tons. Even though rice production is in third place, the problem that occurs in household consumption is increasing demand for rice. The increasing demand for rice will open up great opportunities for rice marketing in Indonesia (Darsan and Dawud, 2021).

Rice mills are the meeting point between production, post-harvest, processing and marketing of grain. Rice milling has a very important role in the rice or rice agribusiness system in Indonesia. This makes rice milling an important link in the national rice supply which is required to contribute to the supply of rice, both in terms of quantity and quality to support national food security (Iqbalet al., 2020)

Grain milling as an agricultural basis plays a real role in advancing national rice to support self-sufficiency and national food security. Rice mills absorb and process grain from farmers into rice. If there is no rice mill, the rice availability figure cannot be calculated and the grain cannot be optimally processed into rice and distributed on the market (Mulyawan, et al., 2018). The role is broad and has a big influence on farmers' income. Smooth trade in general and smooth running of various types of commodities, especially basic and important commodities, will be the key to achieving stability in the people's economy and various increases in production in various fields.(Fatmawati & Zulham, 2019).

Consideration of marketing channels is a necessity in distributing agricultural products produced by farmers to consumers. Marketing has a very important role in connecting consumers and producers. Apart from that, marketing also provides great added value in the economy. The agricultural marketing system includes many institutions, whether they prioritize profit or not, whether they are related or involved directly or indirectly with the operation of the agricultural marketing system (Nurhayati, et al., 2020).

According to Putri (2017), marketing is a social and managerial process where individuals and groups obtain what they need and want by creating and exchanging products and services



as well as value between one person and another. The role of marketing today is not only to deliver products or services to consumers, but also how these products or services can provide satisfaction to customers on an ongoing basis, so that company profits can be obtained from repeat purchases.

Marketing channels are a series of interdependent organizations involved in the process of making a product or service ready for use or consumption. A marketing channel carries out the task of moving goods from producers to consumers, where in competitive conditions, channel intuition must organize their functional tasks and minimize the total cost of distributing goods. It overcomes the gaps in time, place and ownership that separate goods and services from those who need them or those who want them. Marketing channels have the task of distributing goods from producers to consumers. It addresses three important levels, namely time, space and ownership (Arinong and Kadir, 2008).

RESEARCH METHODS

This research will be carried out at the PP Rice Milling Business. Maju Jaya in Ranomeeto District, South Konawe Regency, Southeast Sulawesi. This research is a case study, namely research that aims to determine certain factors that characterize the complex social behavior of the unit under study (Rianse and Abdi, 2019).

The location selection was carried out purposively with the consideration that in Ranomeeto District there is a rice milling business with a large production capacity and is a rice producer for several regions in Indonesia. This research was carried out from October 2021 to September 2022. The research object in this study was PP rice milling. Maju Jaya. Sampling used snowball sampling. The snowball sampling method was chosen because with this technique the researcher looks for respondents who match the criteria applied. Respondents indicated traders who bought rice from producers to be used as samples, and so on so that the number of samples increased. The sample in this study consisted of ten respondents, namely PP factories. Maju Jaya, six wholesalers and three retailers

Descriptive analysis is used to describe PP rice marketing channels. Maju Jaya traces marketing channels from producers to final consumers and the data obtained is analyzed descriptively. According to Surni et al. (2020) To determine marketing efficiency, the formula for total profit received by traders, marketing margin and Producer's Share is used.

RESULTS AND DISCUSSION





Business Overview

PP. Maju Jaya is a research site located in Ranomeeto District, South Konawe Regency. This business is self-owned with initial capital taken from personal funds by the business owner led by Mr. Hendra, founded in 2016. Based on interviews with the Human Resource Development (HRD) section, the rice mill is the third branch of the factory based in Lampung. . Raw materials used in PP businesses. Maju Jaya is grain taken from areas in Southeast Sulawesi through collectors which is directly delivered to the factory and then sorted.

This business activity is carried out starting from the procurement of grain which will be dried first using a box dryer. After drying, the grain is put into a hulling machine or called a heller which processes the husks from the grain. The rice grains resulting from this process are known as broken-hull rice, the rice grains in this process still have a layer of epidermis or known as bran. The shelled rice is then put into a polishing machine which will produce clean rice and bran. The process of milling grain into rice has a yield of 60%, from purchasing 800,000 kg of grain you will get a yield of 480,000 kg. The final activity in this business is the process of selling or marketing processed products in the form of rice

Marketing Channels and Institutions

Based on research that has been carried out, the marketing channel pattern for robusta and arabica coffee in Gandang Batu Sillanan District, Tana Toraja Regency, has been identified. Marketing channels are a chain of marketing institutions that have activities to distribute goods from producers to consumers. The marketing channels for robusta and arabica coffee in Gandang Batu Sillanan District, Tana Toraja Regency are as follows:

1. Level I Marketing Channels in PP. Maju Jaya
2. Marketing Channel II in PP. Maju Jaya
3. Level III Marketing Channels at PP factories. Maju Jaya

Marketing channel I in research at PP factories. Maju Jaya is the simplest and shortest distribution channel, namely the distribution channel from producers to Inter-Island Traders (PAP) who have become partners. Producers can sell their rice directly to inter-island traders with the traders providing transportation and shipping costs. Marketing channel II is an indirect distribution channel because it contains one intermediary (Kotler, 2009). This marketing channel shows a marketing channel pattern where producers use channels that are often called medium marketing channels. This marketing channel shows a marketing channel pattern where producers use channels that are often called medium marketing channels. Marketing starts with





wholesalers coming and buying rice directly from the PP factory. Maju Jaya then wholesalers sell the products to final consumers. Marketing channel II is often referred to as a two-level channel because there are two intermediaries (Kotler, 2009). Marketing Channel III is the longest channel and involves all marketing institutions from producers to final consumers. Marketing starts with wholesalers coming and buying rice directly from the PP factory. Maju Jaya. Next, wholesalers sell rice to retailers, then retailers sell rice to final consumers in their respective locations. Marketing Channel III is the longest channel and involves all marketing institutions from producers to final consumers. Marketing starts with wholesalers coming and buying rice directly from the PP factory. Maju Jaya. Next, wholesalers sell rice to retailers, then retailers sell rice to final consumers in their respective locations. Marketing Channel III is the longest channel and involves all marketing institutions from producers to final consumers. Marketing starts with wholesalers coming and buying rice directly from the PP factory. Maju Jaya. Next, wholesalers sell rice to retailers, then retailers sell rice to final consumers in their respective locations.

Based on this research, there are several institutions that have their own marketing functions that are involved in marketing rice in research carried out at PP. Maju Jaya, namely:

1. Factory

The mill in this case is a PP mill. Maju Jaya is the main actor in the marketing channel which plays a role in carrying out the rice production process. The production process is carried out by PP. Maju Jaya goes through several stages from the beginning of the production process until it becomes a production product in the form of rice that is ready to be marketed.

2. Inter-Island Traders (PAP)

Inter-island traders are the second main actor in the PP rice marketing channel. Maju Jaya. Purchasing activities by inter-island traders begin by first confirming by telephone regarding product supplies and rice prices at PP. Maju Jaya, after confirmation and the request is fulfilled, the two actors carry out the transaction.

3. Wholesalers

Wholesalers are the third main actor in this rice marketing channel. Wholesalers buy rice from PP factories. Maju Jaya which has become its partner. Payments made by large traders use direct (cash) or installment payments.

4. Retailers

Retailers are the fourth main actor in the rice marketing channel who buys from wholesalers. Retailers carry out the buying and selling transaction process with wholesalers after making direct agreements regarding the quantity, transportation time and price of rice,



then sell it in per kilo form to final consumers.

Each of the marketing institutions above carries out marketing functional activities, namely exchange functions (purchase and sales), physical functions (storage and transportation), and facility provision functions (standardization/quality and financing).

Marketing Costs and Margins

Marketing margin can be defined in two ways, (1) marketing margin is the difference between the price paid by consumers and the price received by farmers, and (2) marketing margin is the cost of marketing services required as a result of demand and supply of marketing services. The marketing margin component consists of the costs required by a marketing institution to carry out the marketing functions of the marketing institution's profits (Sudiyono, 2001). Hastuti (2017) further stated that the longer the marketing chain or the large number of traders, the greater the marketing costs. Rice marketing costs are costs incurred in distributing rice from the producer to the final consumer. Marketing costs include all costs incurred from the time the product is produced and stored in the warehouse until the product is converted back into cash. Marketing margin is the difference between the price received by producers and the price paid by consumers. The size of the PP rice marketing margin. Maju Jaya is influenced by marketing costs and profit making which are different for each marketing agency involved. Rice marketing activities at PP. Maju Jaya through a marketing channel involving inter-island traders, wholesalers and retailers. To find out the marketing margin, it is described in a table that can be seen in detail what costs are incurred in the PP marketing channel process. Maju Jaya is located in Ranomeeto District, South Konawe Regency. The marketing costs and margins can be seen in Table 1 and Table 2

Table 1 Marketing Costs and Margin for Marketing Channel II in May 2022

No	Description	Rp/Kg
1.	Factores	
a.	Marketing Costs	
1.	BMilling costs	140
2.	BCost of Packaging	31.5
3.	Labor	111
4.	Brisk costs	7
	b. Total Marketing Costs	289.5
	b. Selling price	8,300
	c. Marketing Margin	3,900

	d. Profit	3,610.5
2	PeBig trade a. Purchase price	
	b. Marketing Costs	8,300
	1.	
	2. Labor	31
	3. Packaging Costs	13.5
	c. Total Marketing Costs	58.16
	d. Selling price	9,000
	e. Marketing Margin	700
	f. Profit	641.84

Based on Table 1PThe rice marketing process in Marketing Channel II is carried out by large traders taking rice directly from PP factories. Maju Jaya. The total marketing costs incurred by the factory in this channel are IDR 289.5/Kg, including milling costs IDR 140/Kg, packaging costs IDR 31.5/Kg and labor costs IDR 111/Kg. Transportation costs on channel II are borne by wholesalers at IDR 14/Kg. Wholesalers incur labor costs of IDR 31/Kg and packaging costs of IDR 13.5/Kg so the total marketing costs incurred are IDR 58.16/Kg.

The marketing margin component consists of marketing costs required by producers to carry out marketing functions and profits obtained by marketing institutions. Price factors and marketing costs will greatly influence the marketing margin at the PP Maju Jaya factory, where the marketing margin at the producer level is IDR 3,900/Kg and the marketing margin at the wholesaler level is IDR 700 Kg. The selling price of rice to producers is IDR 8,300/Kg with a profit of IDR 3,610.5/Kg, and wholesalers sell rice for IDR 9,000/Kg and make a profit of IDR 641.84/Kg. Producers get a high share of the marketing margin, this is because the marketing institutions involved in channel II are only large traders. Marketing margin is seen from the percentage of marketing profits and marketing costs to the selling price at the sales level for each marketing institution. Apart from that, the percentage of profit compared to the costs incurred in each marketing channel is also seen

Table 2 Cost and Marketing Margin for Marketing Channel III in May 2022

No	Description	Rp/Kg
1.	Factores	
a.	Marketing Costs	
1.	Milling costs	140

2.	BCost of Packaging	67.5
3.	Labor	75
4.	Brisk costs	7
	b. Total Marketing Costs	289.5
	b. Selling price	8,300
	c. Marketing Margin	3,900
	d. Profit	3,610.5
2	Big trade	
	a. Purchase price	8,300
	b. Marketing Costs	16
	1. Transportation	
	2. Labor	26
	3. Packaging Costs	15
	c. Total Marketing Costs	57
	d. Selling price	9,000
	e. Marketing Margin	700
	f. Profit	643
	Grosir	
	a. Buys cost	
	b. Marketing Costs	900
	1. Transportation	160
	2. Labor	82
	3. Packaging Costs	44
	c. Total Marketing Costs	176
	d. Selling price	10,333
	e. Marketing Margin	1,333
	f. Profit	1,157

The marketing margin component consists of marketing costs required by producers to carry out marketing functions and profits obtained by marketing institutions. Price factors and marketing costs will greatly influence the marketing margin at the PP Maju Jaya factory, where the marketing margin at the producer level is IDR 3,900/Kg, the marketing margin at the wholesaler level is IDR 1,333/Kg. Meanwhile, the profit at the producer level is IDR 3,610.5/Kg, then the average profit at the retailer level is IDR 1,157/Kg.

Marketing Efficiency

The percentage share of the price received by the PP factory producer. Maju Jaya from all prices paid by consumers can be used as a measure of marketing efficiency. If the share of the price received by producers is $\leq 50\%$, it means that the marketing channel is not yet efficient and conversely, if the share of price received by producers is $\geq 50\%$, then the rice marketing channel is efficient, therefore the share received by producers is relatively large. More details regarding the percentage of price share received by producers from the two rice marketing channels can be seen in Table 3.

Table 3. Percentage of Price Share Received by Producers (Producer Share) in May 2022

No	Marketing channel	Marketing Efficiency	
		Percentage (%)	Criteria
1	Marketing Channels I	100%	Efficient
2	Marketing Channels II	92%	Efficient
3	Marketing Channels III	80%	Efficient

Based on Table 3, it shows that in marketing rice by PP factories. Maju Jaya, of the 3 marketing channels, all have efficient criteria. The highest percentage value was created in channel I with a value of 100%, then the second highest value was created in channel II with a value of 92%, this happened because of the PP producer. Maju Jaya sells rice to wholesalers and from wholesalers directly to final consumers. Meanwhile, marketing channel III has a lower percentage than channel I, namely 80%, this happens because in this channel the distribution of rice to consumers starts from PP producers. Maju Jaya then goes to wholesalers, and continues through retailers until it reaches the final consumer. Based on the percentage values obtained, it can be said that marketing in channel I is more efficient than channels II and III. This is because the lower the marketing margin, the higher the share received by producers, the shorter the marketing channel, the more efficient the marketing channel and the lower the price received by final consumers.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the research results, there are two patterns of rice marketing channels in PP factories. Maju Jaya, namely: Pathere are channels I, PP. Maju Jaya distributes rice directly to inter-island traders (as final consumers) on channel II, PP. Maju Jaya distributes rice to



wholesalers and then sells it back to final consumers pathere is channel III, PP. Maju Jaya distributes rice to large traders, then sells it to small traders and resells it to final consumers.

Suggestion

Based on the research results, suggestions that can be put forward are that producers are expected to be able to maintain rice marketing through existing marketing channels. With the existence of marketing channels, rice distribution should use marketing channel I because it is more efficient, and the government is expected to pay more attention to marketing agency actors. especially in coaching, mentoring and assistance.

REFERENCE

- Arinong AR, Kadir E. 2008. Analysis of Cocoa Marketing Channels and Margins in Timbuseng Village, Pattasalang District, Gowa Regency. *Agrisystems Journal*. 4(2):87-93.
- Darsan, Dawud MY. 2021. Rice Marketing Strategy in Agroindustry in Bojonegoro Regency. *Agricultural Viable Journal*. 15(1):65-71.
- Fatmawati, & Zulham. (2019). Analysis of Margin and Marketing Channel Efficiency for Corn Farmers (Zea mays) in Suka Makmur Village, Pohuwato Regency, Gorontalo Province. *Gorontalo Agriculture Technology Journal*, 2(1), (19-29). <https://doi.org/10.32662/gatj.v2i1.488>
- Hastuti DRD. 2017. *Agribusiness Economics (Theory and Cases)*. Makassar. Makassar State University Publishing Agency
- Iqbal M, Sadat MA, Arifin. (2020). Analysis of Rice Milling Factory Income (Case Study of Rice Milling in Pabundukang Village, Pangkajene District, Pangkep Regency). *Agribusiness Journal*. 12(2), 56-71
- Kholik N, Hasiholan LB, Fathoni A. 2018. Analysis of Marketing Channels on The Contribution of Farmer Share of Sweet Potato Products with The Determination of Value Chain Value in Rural Village Bergas Kidul, Semarang Regency. *Journal of Management*. 4(4), 1-9
- Kotler, Keller. 2009. *Marketing management*. 13th edition volume 1. Jakarta. Erlangga.
- Mulyawan DP, Iqbal, Munir A. 2018. Performance Test of Rubber Roller Type Grain Husker (Husker) Machine in Small Grain Milling. *Agritechno Journal*. 11(1):40-48.
- Nurhayati R, Husaini M, Rosni M. 2020. Analysis of Rice Marketing Channels and Efficiency in Berangas Village, Pulau Laut Timur District, Kotabaru Regency. *Agribusiness Frontier*. 4(3):76-81.
- Praza, R. (2017). Identify Marketing Channels for Gayo Arabica Coffee at Cv. Gayo Mandiri





- Coffee, Bener Meriah Regency. Agrifo Journal, 2(1), 58-64.
<https://doi.org/10.29103/ag.v2i1.509>
- BRT's daughter. 2017. Marketing Management. Denpasar. Udayana Press.
- Rianse U, Abdi. 2019. Social and Economic Research Methods (Theory and Application). Bandung. Alfabet.
- Ridhawardani, A., Pardian, P., & Mukti, GW (2017). Analysis of Marketing Efficiency of Cut Roses in Kertawangi Village, Cisarua District, West Bandung Regency. Journal of Agrosience and Technology, 2(1), 13-21. <https://doi.org/10.24853/jat.2.1.13-22>
- Saputro AG, Supardi S, Ani SW. (2018). Analysis of Small Rice Milling Agro-Industry Businesses in Sragen Regency. Social Economics of Agriculture and Agribusiness. 15(1), 50-57.
- Sartika ND, Ramdhani Z. 2018. Study of the Use of Mobile Grinding Machines on Rice Quality for Several Rice Varieties in West Sumbawa Regency. Scientific Journal of Agricultural and Biosystem Engineering. 6(1):53-59.
- Sudiyono, A. 2001. Agricultural Marketing. Poor. Muhammadiyah University of Malang (UMM).
- Surni, Limi, MA, Zani, M., Gafaruddin, A., & Rosmawaty. (2020). Analysis of Development of Sago Starch Local Food Product Marketing in the Southeast Sulawesi Province. Talent Development & Excellence, 12(1), 1754-1764.

