International Journal of Technology and Education Research

https://e-journal.citakonsultindo.or.id/index.php/IJETER

E-ISSN: 2986-0733

# Efficiency Of Pineapple Marketing Channels In Sabulakoa Sub-District, South Konawe District

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**Abstract**

*Indonesia faces stiff competition in the era of global economy and free trade of horticultural products, especially fruits, where high quality and continuous availability are key. As the third largest pineapple producing country in the world, a supply chain approach is essential to understand the marketing aspects and ensure the efficiency of pineapple distribution, especially in Sabulakoa District, South Konawe, which has great local economic potential but is faced with the challenge of an inefficient supply chain, affecting prices and farmers' profits. This study aims to (1) determine the marketing channel, and (2) determine the magnitude of marketing efficiency in pineapple commodities in Sabulakoa District. This research is a qualitative and quantitative research with a population of 50 pineapple farmers and a sample of 33 people taken using simple random sampling technique through the Slovin formula. Research procedures were carried out by observation, interviews, and literature study, and data analysis using marketing margin analysis techniques and marketing efficiency. Based on the results of the study, pineapple marketing channels in Sabulakoa Subdistrict consist of channel I: pineapple farmers - retailers - consumers, channel II: pineapple farmers - intermediary traders - consumers, and channel III: pineapple farmers - intermediary traders - retailers - consumers. The efficiency value of marketing channel I is 71.43%, marketing channel II is 55.56%, and marketing channel III is 50%.*

***Keywords: Efficiency; Marketing Channel; Pineapple Farmers.***

## INTRODUCTION

Indonesia in the era of global economy and free trade in horticultural products, especially fruits, will face intense competition. High quality fruit with a very sufficient volume



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and continuously available is the key in the competition. Pineapple contributes 8 percent of world fresh fruit production, and Indonesia is the third largest producer of fresh and processed pineapple after Thailand and the Philippines (Hadiati & Indriyani, 2008).

Changes in the strategic environment in the economy in general, especially the agricultural sector, also affect the dynamics of the horticultural product market. The supply chain approach is the right way to understand marketing aspects with a network of organizations that are interdependent and cooperate in the flow of products, information, services and value from producers to end consumers. It is a concrete manifestation of economic, business and investment activities carried out by all parties involved in horticultural agribusiness. The supply chain approach in principle wants to see how market players in each supply chain and especially farmers, get benefits in accordance with the sacrifices they make. But on the other hand, the open market situation makes the level of competition between market players even higher, where farmers as producers are in a weak position compared to other market players, resulting in a price gap at the marketing margin level (Ardhian, 2009).

Marketing management for agricultural commodities is different from marketing management for non-agricultural commodities. This is due to the perishable nature of agricultural products, the process of planting and growing, as well as harvesting depending on the climate and season, the crops have varying shapes and sizes. All of these factors must be considered in order to obtain a comprehensive, effective, efficient, responsive and sustainable supply chain system. Business actors in a supply chain channel must be able to deliver products that match consumer desires in terms of quality, quantity, price, time and the right place. Given that competitors in this Agribusiness activity also include those from various regions (Furqon, 2014)

Pineapple farming production centers in Southeast Sulawesi Province include 17 districts namely; Buton, North Buton, Central Buton, South Buton, Muna, West Muna, Bau-bau City, Wakatobi, Bombana, Kolaka, North Kolaka, East Kolaka, Konawe Islands, North Konawe, Konawe, Kendari City and South Konawe. The total production of pineapple fruit in Southeast Sulawesi in 2022 amounted to 25,660 kw/qui. With South Konawe Regency which has the highest amount of pineapple fruit production, which is 10,240 kw/qui (BPS, 2020)

One of the main centers of pineapple production in South Konawe Regency is Sabulakoa Sub-district, which is able to increase the potential of local economic resources. Fructuations in pineapple nutrients cause the price of the commodity to change in a short period of time due to an inefficient supply chain. Pineapple marketing is still faced with various problems, especially in the distribution of pineapple supplies. Therefore, research is needed to see the



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condition of the pineapple supply chain and the network of business actors who play a role in the distribution of pineapples in Sabulakoa Sub-district, South Konawe Regency to the final consumer level. Marketing actors generally consist of various types of traders, namely wholesalers, collectors, distributors and retailers. Each marketing actor has its own interests and ways of distributing pineapple fruit to consumers. Activities involving farmers, marketing actors, and consumers can form a marketing channel.

Marketing efficiency is very important for farmers and marketing actors to be able to achieve maximum profit. How to find out the marketing efficiency indicator is by looking at the margin and farmer's share obtained from each marketing channel. So the problem is that farmers do not know how much farmer's share they get and how the shape of the marketing channel reaches the consumer.

Therefore, researchers are interested in conducting research on the Marketing Efficiency of Pineapple in Sabulakoa District, South Konawe Regency, as one of the pineapple producing areas. Because the marketing activities of pineapple fruit in Sabulakoa District have not fully benefited the farmers, this is because the price received by farmers is much lower than the price paid by consumers in general.

## METHOD

The population in this study were pineapple farmers in Sabulakoa District totaling 50 people.The sampling technique used Simple Random Sampling to determine the number of samples using the Slovin formula which amounted to 33 farmers.Sampling at the marketing institution level was carried out by snowball sampling method with a total of 3 collecting traders and 2 retail traders.

Types and sources of data used in this study are primary data and secondary data.Primary data comes from the results of interviews or questions and answers to respondents using a list of questions (Questionare), and secondary data derived from related research.

Data collection procedures are carried out by observation, interviews, and literature studies.The analysis method in this research uses qualitative methods supported by quantitative methods. For the first research objective, namely by using descriptive analysis methods.This analysis focuses on field surveys with observations and interviews of respondent samples.

The analysis method used for the second research objective regarding the marketing efficiency of pineapple commodities in Sabulakoa District, South Konawe Regency as below, namely:



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a. Marketing margin analysis

Marketing margin analysis is used to determine the difference between the price received by producers and the price paid by consumers. With the marketing margin formula as follows:

$$M = H_e - H_p$$

Description:

M = Marketing Margin (Rp/Kg)

$H_e$ = Price at consumer level (Rp/Kg)

$H_P$ = Price at producer level (IDR/Kg)

b. Marketing efficiency

Determination of pineapple marketing efficiency is done by calculating the amount of the share received by farmers or commonly referred to as *farmer share*. The share received by farmers (*farmer share*) is formulated as follows:

$$F_s = 1 - \frac{M}{H_e} \times 100\%$$

Description:

$F_s$ = *farmer share* (%)

M = marketing margin earned by traders (Rp/Kg)

$H_e$= sales price (Rp/Kg)

Efficiency indicator (Surni *et al.* 2020).

Fs ≤ 50% = Means the marketing channel is not efficient.

Fs > 50% = Means that the marketing channel is efficient, because the share received by production farmers is relatively large

## RESULTS AND DISCUSSION

### Pineapple Marketing Institutions in Sabulakoa Sub-district

Marketing institutions are business entities or individuals that organize marketing systems through the development of marketing activity functions. Kotler and Keller (2009). Based on the research, the channels involved in pineapple marketing in Sabulakoa sub-district can be seen in the table below.

**Table 1 Distribution of Marketing Institutions in Sabulakoa Sub-district**

| Marketing Organization | Number of Traders (People) | Percentage (%) |
|---|---|---|
| Collecting Traders | 3 | 60 |



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E-ISSN: 2986-0733

| | | |
|---|---|---|
| Retailer | 2 | 40 |
| Total | 5 | 100 |

The number of levels of marketing channel institutions involved in pineapple marketing in Sabulakoa Sub-district is as follows:

1. Collecting traders, are marketing channel institutions that carry out harvest marketing activities by collecting pineapples from farmers who then distribute them to intermediary traders such as retailers. Puryantoro *et al.* (2019). A total of 3 intermediary traders are involved in the pineapple marketing channel in Sabulakoa District.
2. Retailers, a marketing channel institution that sells pineapples to final consumers. Puryantoro *et al.* (2019). A total of 2 retailers are involved in the pineapple marketing channel in Sabulakoa District.

**Marketing Channel**

Based on the results of the research, it can be seen that there are three pineapple marketing channels that occur in Sabulakoa Subdistrict, South Konawe Regency. More details about pineapple marketing channels in Sabulakoa Subdistrict, South Konawe Regency are shown in the figure below:

1. Pattern I pineapple fruit marketing channel, in this pattern farmers deliver directly to retailers, the number of farmers in this marketing channel pattern as many as 7 people with a percentage of 21.25%. Where the sales results in the marketing channel farmers sell to retail traders at a price of Rp 5,000 per kg, then retail traders sell to end consumers at a price of Rp 7,000 per kg. The following is the pattern of marketing channel I in Figure 1.




Figure 1 Pineapple Marketing Channel I

2. Pattern II of the pineapple fruit marketing channel, in this pattern collecting traders who come directly to where farmers take pineapple fruit using a pick-up car. The number of farmers in this channel is 26 people with a percentage of 78.78%. Where the results of sales in this channel pattern farmers sell to intermediary traders at a price of Rp 5,000 per kg, then intermediary traders sell back at a price of Rp 9,000 per kg. The following pattern of channel II can be seen in Figure 2



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Figure 2 Pineapple Marketing Channel II

3. Pattern III of the pineapple fruit marketing channel, the number of farmers in this channel pattern is 26 people with a percentage of 78.78%, where the sales results in this pattern are farmers selling to intermediary traders at a price of Rp5,000 per kg and then intermediary traders sell back to retailers at a price of Rp8,000 per kg, and then retailers sell back at a price of Rp10,000 per kg. The following channel pattern III can be seen in Figure 3

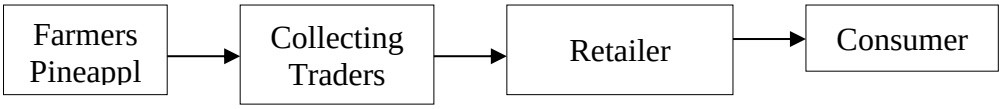



Figure 3 Pineapple Marketing Channel III

The pineapple marketing process includes a number of expenses incurred for the purposes of implementing activities related to the sale of pineapples from farmers and traders.

**Purchase and Sales Expenses**

Purchases by retailers are made by directly visiting pineapple farmers located in two villages in Sabulakoa Sub-district, namely Koronua Village and Watu-Watu Village. More details about the cost components as well as the volume of pineapple purchases and sales in Sabulakoa Sub-district, South Konawe District can be seen in the table below.

**Table 2 Purchases and Sales of Pineapple in Sabulakoa Sub-district South Konawe Regencyin2023**

| Component | Price | | |
|---|---|---|---|
| | Saluan I (Rp/Kg) | Saluan II (Rp/Kg) | Saluan III (Rp/Kg) |
| Farmers | 5.000 | 5.000 | 5.000 |
| Collecting Traders | - | 9.000 | 8.000 |
| Retailer | 7.000 | - | 10.000 |
| End Consumer | 7.000 | 9.000 | 10.000 |

Table 2 shows that the average purchase price from farmers to retailers and collectors is Rp 5,000 per kg and the price at retailers to final consumers for channel I is Rp 7,000 per kg. While the price at the level of intermediary traders for channel II paid by end consumers is Rp



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9,000 per kg, then in marketing channel III the selling price of pineapple fruit at intermediary traders is Rp 8,000 per kg, the price at the retailer level for end consumers is Rp 10,000 per kg. As with research conducted by Winarti et al. (2021) who found that differences in sales and purchase volumes and the selling price of an agricultural commodity were caused by different qualities.

**Marketing Function of Pineapple in Sabulakoa Sub-district**

According to Ngatno (2018) marketing functions consist of exchange functions, physical functions and facility functions. The marketing functions performed by each marketing institution are different. The exchange function is the activity of purchasing products from farmers by exchanging money for pineapple crops. The physical function includes the function of transporting and storing pineapple harvests by traders. While the facility function is a marketing activity related to the provision of facilities including market information activities, risk management, financing, and sorting. In detail, the marketing functions of each pineapple marketing institution in Sabulakoa Subdistrict can be seen in Table 3.

**Table 3 Marketing Functions in Each Pineapple Marketing Institution in Sabulakoa District in 2023**

| Marketing Functions | Activities | Marketing Organization | | |
|---|---|---|---|---|
| | | Farmers | Collecting Traders | Retailer |
| Exchange | a. Purchase | - | V | V |
| | b. Sales | V | V | V |
| Physical | a. Transportation | - | V | V |
| | b. Storage | - | V | V |
| Facilities | a. Risk | - | V | V |
| | b. Sort | - | V | V |
| | c. Cost | - | V | V |
| | d. Market Information | - | V | V |

Description:

V : Institution performs marketing function

- : Institution does not perform marketing functions

Table 3 shows that marketing institutions in Sabulakoa sub-district perform exchange



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functions including sales and purchasing activities. The exchange function performed by marketing institutions includes selling activities by farmers, while other marketing institutions carry out both selling and purchasing activities. Sales activities are carried out by farmers after harvest and sold directly to traders. The physical functions performed by pineapple marketing institutions in Sabulakoa Sub-district include transportation, storage and packaging. Transportation activities are carried out by retailers using motorcycles. Collecting traders use cars to deliver to other traders. Researcher Langie *et al.* (2020) also conducted research on pineapple fruit sales using four-wheeled vehicles.

**Marketing Costs**

Durianto et al. (2004)) stated that the length of the short marketing channel depends on several factors, namely the distance between producers and consumers, whether or not the product is damaged quickly, the scale of production, and the financial position of entrepreneurs in the cost component of the pineapple marketing channel in Sabulakoa District, South Konawe Regency, the amount of marketing channel costs is shown in the table below.

**Table 4 Cost Components of Pineapple Marketing Channels in Sabulakoa Sub-districtSouth Konawe Regency in 2023**

| Respondents | Trader Status | Transportation (IDR) |
|---|---|---|
| I | Collector | 32.400.000 |
| II | Collector | 32.400.000 |
| III | Retail | 9.135.000 |
| IV | Retail | 9.135.000 |
| V | Collector | 32.400.000 |
| Average | | 23.094.000 |

In Table 4, the cost component of the pineapple marketing channel in Sabulakoa District has 5 traders, of which there are 3 collectors and 2 retailers. With the costs incurred in this marketing channel only transportation costs at the collecting traders amounted to Rp 32,400,000 for one year, while the costs incurred by retailers amounted to Rp 9,135,000 for one year.



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**Marketing Efficiency Analysis**

1. Marketing Margin is one of the indicators used to calculate the marketing coefficient of a product. Based on the results of the study, there is a difference between the price at the farm level and the price at the farm level paid by the final consumer. As well as differences in costs and profits obtained by each marketing institution. The results of the calculation of marketing margins on each pineapple marketing channel in Sabulakoa District can be seen in the table below:

**Table 5 Calculation of Pineapple Marketing Margins on Marketing Channels I and II in Sabulakoa District in 2023**

| No. | Description | Marketing I | Marketing II |
|---|---|---|---|
| | | Cost (Rp/Kg) | |
| 1 | Farmers | | 5.000 |
| | a. Farm gate price | 5.000 | |
| 2 | Retailers | | |
| | a. Purchase price | 5.000 | 5.000 |
| | b. Marketing costs | 350 | 450 |
| | c. Advantages | 1.650 | 3.550 |
| | d. Marketing margin | 2.000 | 4.000 |
| | e. Selling price | 7.000 | 9.000 |
| 3 | End Consumer | | |
| | a. Purchase price | 7.000 | 9.000 |
| Total Marketing Cost | | 350 | 450 |
| Total Profit | | 1.650 | 3.550 |
| Total Marketing Margin | | 2.000 | 4.000 |

*Source: Primary data processed, 2023*

The table above shows the two marketing channels for pineapple fruit in Sabulakoa sub-district. In marketing channel I, farmers sell pineapple to retailers at Rp 5,000 per kg, which is then sold to final consumers for Rp 7,000 per kg, resulting in a marketing margin of Rp 2,000 per kg. Research by Firmansyah et al. (2021) supports this data. In marketing channel II, farmers sell pineapple to intermediary traders at the same price, IDR 5,000 per kg, but intermediary traders sell it to final consumers for IDR 9,000 per kg, providing a marketing margin of IDR 4,000 per kg. Research by Hastuti (2017) explains that marketing margin is the difference between the price



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paid by consumers and the price received by farmers.

**Table 6 Calculation of Pineapple Marketing Margins on Marketing Channel III in Sabulakoa District in 2023.**

| No. | Description | Cost (Rp/Kg) |
|---|---|---|
| 1 | Farmers | |
| | a. Farm gate price | 5.000 |
| 2 | Collecting traders | |
| | a. Purchase price | 5.000 |
| | b. Marketing costs | 450 |
| | c. Advantages | 2.550 |
| | d. Marketing margin | 3.000 |
| | e. Selling price | 8.000 |
| 3 | Retailers | |
| | a. Purchase price | 8.000 |
| | b. Marketing costs | 350 |
| | c. Advantages | 1.650 |
| | d. Marketing margin | 2.000 |
| | e. Selling price | 10.000 |
| 4 | End Consumer | |
| | a. Purchase price | 10.000 |
| Total Marketing Cost | | 800 |
| Total Profit | | 4.200 |
| Total Marketing Margin | | 5.000 |

*Source: Primary data processed, 2023*

The table above shows the marketing channel of pineapple fruit, namely channel III farmers - collecting traders - retailers - end consumers. The exchange function in marketing channel III is that intermediary traders buy pineapples from farmers at a price of Rp. 5,000 per kg and then sell them to retail traders for Rp. 8,000 per kg, then retail traders sell to final consumers at a price of Rp. 10,000 per kg in line with research conducted by Idris *et al* (2023). The results of the calculation of marketing margins from channel III of pineapple fruit marketing in Sabulakoa District have a total margin of Rp 5,000 per kg.



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2. Farmer's Share, is the ratio of the price received at the farm level to the price paid by the final consumer in the form of a percentage. *Farmer's share* has a negative relationship with the marketing margin where the higher the marketing margin, the lower the share received by farmers. The results of *farmer's share* in each pineapple fruit marketing channel in Sabulakoa District can be seen in the following tables:

**Table 7 Calculation of Farmer's Share of Pineapple in Sabulakoa Sub-district on Marketing Channels Year 2023**

| Marketing Channel | Price at Farmer Level (Rp/Kg) | Price at Final Consumer Level (Rp/Kg) | *Farmer's Share* (%) |
|---|---|---|---|
| I | 5.000 | 7.000 | 71,43 |
| II | 5.000 | 8.000 | 55,56 |
| III | 5.000 | 10.000 | 50 |

*Source: Primary data processed, 2023*

Table 7 shows that pineapple marketing channel I has the largest *farmer's share of* 71.43% and channel II with a value of 55.56% while the *farmer's share* with the lowest percentage is channel III with a value of 50%. The high and low *farmer's share is* influenced by price differences caused by marketing functions carried out by marketing institutions which require costs and profits taken by marketing institutions. Based on the results obtained from the research, marketing channel II is more efficient than marketing channels I and III. The longer the marketing channel, the greater the marketing margin, because the more marketing institutions involved. The large number of marketing margins can cause the share of prices received by producer farmers to be smaller than the prices paid by consumers directly to farmers, so that the marketing channel that occurs or the longer it is, it can be said to be inefficient (Arbi et al. 2018).

## CONCLUSION

Based on the results of the study, it can be concluded that the pineapple marketing channel in Sabulakoa District, South Konawe Regency starts from channel I: pineapple farmers - retailers - consumers. Channel II: pineapple farmers - intermediary traders - consumers. Channel III: pineapple farmers - intermediary traders - retailers - consumers. The efficiency value of marketing channel I is 71.43%, marketing channel II is 55.56% and marketing channel III is 50%.



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