

OPTIMIZATION OF MARKETING CHANNELS TO INCREASE BUSINESS INCOME OF LEMON FARMERS IN LEMBANG, INDONESIA

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ABSTRACT

West Bandung Regency, West Java has various types of agricultural products. One of the agricultural products produced is lemon. From the time the pandemic occurred at the end of 2019 until it peaked in 2020 and 2021 demand for lemons increased by 81%. However, at this time in 2022, there is a 50% decrease in demand which has resulted in the income of lemon farmers dropping significantly. One of the causes of the decline in demand is that lemon farmers only focus on a few regular consumers who order large quantities of lemons, as a result, when market demand falls, these consumers will automatically lower their orders. In addition, farmers are unskilled in marketing lemons because they are only used to relying on a few consumers, which makes their garden yields pile up, causing losses. The purpose of this paper is to determine the optimization of effective marketing channels so as to increase the income of lemon farmers.

Keywords: Marketing, Lemon Farmers, Marketing Channel

INTRODUCTION

The agricultural sector is one of the sectors that supports the country's economy, apart from the fact that the majority of Indonesian people make a living as farmers, agricultural commodities also affect the health of the population, especially through the production of the food they consume. The success of developing a commodity is determined by the level of income and the level of efficiency of the farmer's income. Commodities developed in this case lemons must be able to provide profits and can develop well. Lemon is one of the

commodities that get priority to be developed, because this commodity can provide high profits, so it can be used as a source of income for farmers. Besides that, lemon is a fruit that is in great demand by the public, as a commodity that has high economic value (Idhianto, 2013).

Marketing is a process that must be passed by farmers as producers to distribute their products to consumers. Many marketing agencies are involved in marketing activities. Agricultural commodities usually have a long marketing chain, so the marketing process involves many marketing actors. This can lead to an

inefficient marketing system. This situation also occurs in the marketing of lemons in Lembang Regency, West Java. The long marketing chain and involving many marketers without a regulated price limit, causes the prevailing price of lemons to be unstable.

Constraints faced by lemon farmers in marketing their products are one of the serious problems faced by Indonesian farmers. The price of Lemon Oranges is currently experiencing a price decline due to declining demand so that Lemon Orange farmers find it difficult to market them. Of course this problem is detrimental to farmers. In addition, the problems that are often faced in low marketing efficiency can be seen by price fluctuations, high marketing margins and low bargaining positions of farmers. This is due to the lack of knowledge of farmers about how to market agricultural products effectively and efficiently.

IMPLEMENTATION METHOD

Marketing Concept

The marketing concept consists of 5 basic concepts that will be analysed by the author in determining suitable marketing channels that can be applied by farmers

1. Production Insight Concept

This concept argues that consumers will choose products that are easily available and also lower prices so that the main focus is on increasing production efficiency and expanding distribution coverage.

2. Product Insight Concept

This concept argues that consumers will choose products that offer the best quality, performance and other innovative things so that the main focus is to make better products and strive to continuously improve.

3. Seller Insight Concept

This concept argues that if consumers are left alone, then consumers will not buy the company's products and must make aggressive sales and promotion efforts.

4. Insightful Concept of Marketing

This concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. This concept is based on four main joints, namely the target market, Customer needs, coordinated marketing, and profit.

5. Insightful Concept of Social Marketing

This concept holds that the company's task is to determine the needs and wants and interests of the target market and fulfill them more effectively and efficiently than its competitors by maintaining or improving the welfare of consumers and society.

Agribusiness marketing begins with the distribution of agricultural production facilities, continues with raw material products at the farmer-entrepreneur level, and reaches the peak with the desired final product at the consumer level. In the process, there is a change into a product that consumers want, which is often referred to as additional usability.

Marketing Channel

Marketing Channels are Channels used by Producers to Distribute Products from Producers to Consumers or Industrial Users. In short, Marketing Channels can be divided into 3 groups, namely:

1. Direct Channel

Direct distribution is the shortest marketing channel where the product is delivered from the producer directly to the consumer. For example, freshly picked vegetables or fruits are sold on the roadside.

2. Semi-Direct Channeling

Semi-Direct Channeling is a marketing channel that passes through a new intermediary to the consumer. For example, the chili harvest is sold by farmers to collecting traders, then collecting traders sell directly to consumers.

3. Indirect Distribution.

Indirect distribution is a marketing channel that uses two or more intermediaries and then reaches consumers. For example, fruits sold to collectors are then processed into beverages by factories and then marketed by retailers and purchased by consumers. Every agribusiness must determine how to move and distribute its products to customers. Distribution channels are concerned with the path of distribution of goods from producers to final consumers.

Institutions involved in the distribution of goods include:

1. Manufacturer
2. Intermediary
3. End consumers

Intermediaries can be divided into two groups, namely as follows:

a. Merchant broker

Is an intermediary who is responsible for the ownership of all goods that are marketed. Intermediaries can be divided into two, namely as follows.

1. Wholesaler is a business unit that buys and resells goods to retailers and other traders in or to industrial users, institutional users, and commercial users who do not sell in the same volume to final consumers.
2. Retailer is covering all activities that are directly related with the sale of goods or services to final consumers for personal (not for business purposes).
3. An agent intermediary is an intermediary who does not have ownership rights to all goods which he handled.

b. Agent intermediary:

Intermediary agents can be divided into two, namely:

1. Sales agents are agents who actively participate in the transfer of goods from producers to consumers, such as transportation agents, brokers and so on.

2. Supplementary agents are agents who do not actively participate in the transfer of goods, but they participate in providing assistance and facilitating the transfer, for example banks, insurance companies, and so on. Meanwhile, according to Hanafiah and Saefudin (in Arini 2012) explaining the length of the marketing channel depends on:

- a) Distance Between Producers and Consumers. The farther the distance between producers and consumers, the longer the marketing channel that occurs.
- b) Production Scale. The smaller the scale of production, the channels that occur tend to be long because it requires intermediary traders in its distribution.
- c) Whether or not the product is damaged. Perishable products require short marketing channels, because they must be immediately accepted by consumers.
- d) Entrepreneur's Financial Position. Traders with a strong financial position tend to be able to perform more marketing

functions and shorten marketing channels. Marketing agency is a person or entity or company that is involved in the marketing process of agricultural products. At the village level, we see that there are middlemen and there are middlemen and retailers. At the sub-district level there are also intermediaries, collectors and retailers. This situation also occurs at the

District and Province. Each trading system institution incurs a trading system fee and will get a profit which is called a part of the trading system margin (Nurhamidah, 2014).



Figure 1. Lemon's Farmers in Lembang

c) Lemon Citrus Marketing Channels for Lemon Farmers in Lembang:

Marketing channels are responsible for distributing goods from producers to consumers. It overcomes three important

gaps: time, space and ownership, which keep goods and services away from consumers. The members of the marketing channel perform a number of important tasks: information, promotion, ordering, negotiation, financing, risk taking, physical possession, payment, and ownership. The marketing process of Lemons in Sekoci Village, Besitang District to the final consumer involves several marketing institutions, namely people or entities involved in the marketing process of Lemons. From research conducted in the Lembang area, there is a marketing process carried out by marketing agencies that creates marketing channels. Therefore, marketing channels in Lembang Regency can be divided into three kinds of channels as follows:

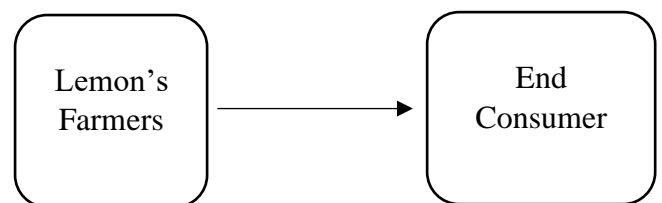


Figure 2. Marketing Channel I

From the chart, it can be explained that channel I is the simplest and lowest marketing channel, namely the marketing channel from producers to consumers without using intermediaries. In channel I, the final consumers buy these Lemons

directly from the farmers without intermediaries, usually, those who buy them are part of the community who want to be consumed. Farmers decide to sell to consumers because consumers only buy a little of their crops, and also the profits received by farmers are quite large. Usually, consumers only buy 1 to 5 kg from lemon farmers. Where farmers usually sell it at a price of Rp. 9,000/kg.



Figure 3. Marketing Channel II

In marketing channel II, retailers buy lemons from farmers, who then sell them or market them in traditional markets around Lembang. Then the retailer sells it to the final consumer. The intended end consumers are consumers who do not resell the Lemons and only consume them themselves. Lemons purchased in quantities range from an average of 265 kg from Lemon Orange farmers who have become the choice of retailers. Where the retailer sells it to the final consumer at a price of Rp. 12,000/kg. In this channel there are only a few farmers who market to retailers. The retailers usually buy the

oranges within a period of 1 week 3 times to the farmers.

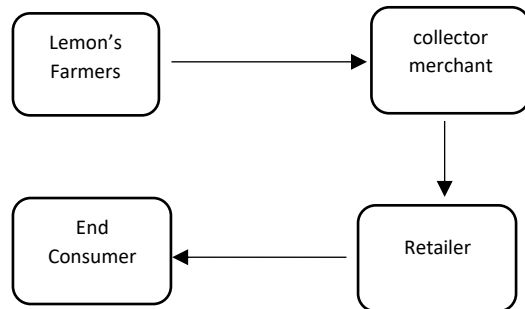


Figure 4. Marketing Channel III

Collector traders buy farmers' crops by picking up or farmers who deliver Lemons to collectors. Then the collectors will sell Lemons to retailers. Where are retailers who come to collectors. And retailers sell Lemons to final consumers. In marketing channel III, farmers sell their production to collectors at a price of Rp. 9,000/kg This price has been set by the collector. Collectors are able to accommodate all the harvests of lemon farmers. Usually the collectors buy the farmers' crops every 2 times a week depending on the harvest from the farmers. In this channel, collectors sell their harvests to retailers at a price of Rp. 10,000/kg and traders.

d) Lemon Juice Marketing Channel Efficiency

The marketing aspect is a very important aspect in research, if this aspect goes well

enough, then everyone will benefit. This means that good marketing will have a positive impact on farmers, traders and consumers. To find out whether the marketing system implemented in channels or links I, II and III is efficient or not, the efficiency level (EP) of marketing can be calculated. A marketing channel can be declared efficient. If the EP is 0 -33% then the lemon marketing system is considered to be efficient, and if the EP is 34-67% it can be declared less efficient if the EP is 68-100% it is declared inefficient. The calculation of the marketing efficiency of lemons can be seen in the following system:

Table 1. Marketing efficiency of lemons in channels I II and III

Marketing Channel	Marketing Efficiency
Channel 1	$\frac{\text{Marketing Fee: Selling Price}}{100\%} \times 100\%$ $\frac{(500: 9.000)}{100\%} = 5,5 \%$ (efficient)
Channel 2	$\frac{\text{Marketing Fee: Selling Price}}{100\%} \times 100\%$ $\frac{(455: 12.000)}{100\%} = 3,79\%$ (efficient)

Channel 3	$\frac{\text{Marketing Fee: Selling Price}}{100\%} \times 100\%$ $\frac{(455: 10.000)}{100\%} = 4,55\%$ (efficient)
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From Table 1 it can be seen that the marketing costs in channel I are Rp. 500/kg, II Rp.500/Kg and marketing costs in channel III are Rp. 455/Kg in this case the marketing costs in channel I are greater than the marketing costs for the II and III. This is because of the short length of the marketing channel. Where the shorter the marketing channel, the greater the marketing costs in the marketing channel and the more inefficient the marketing channel. By comparing the total marketing costs with the production value of lemons marketed. If the EP < 33%, then the lemon orange marketing system is considered efficient. Based on these results, the most efficient marketing channel that can be applied by lemon farmers in Lembang Regency is marketing channel 2.



Figure 5. INABA University Lecturer with Lemon Farmers in Lembang

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