CHANNEL PATTERNS AND MARGIN MARKETING ANALYSIS OF SLAUGHTER DRAKES

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Abstract

The Research was carried out at businesses slaughter drakes zone in Subang district, West Java, Indonesia, where all of the animal product marketing were sent to Jakarta city mostly. The aim of this study is to know the channel patterns and margin marketing analysis, and which one is the efficient of farmer share value. Census method was used to the slaughter drakes agents, and the data were obtained through interview techniques, and analyzed descriptively. The results showed that the channel patterns consists of several types: a) firstly from farmer to collector traders, the retailers and end to customers, b) secondly, from farmer to wholesalers, then retailers, and end to consumers, and c) The thirdly, from farmers straight to wholesalers then agency as retailers and end to consumers. The result of margin total come from the firstly marketing channel type (a) Rp 9,916.67per tail, the secondly (b) 9,666.67 per tail and the thirdly (c) Rp 12,166.67 per tail slaughterdrakes. The most efficient marketing come from the secondly channel (b), with the highest farmer share value is 75.63 percent.

Key words: Drakes, marketing channel, margin, farmers share value

INTRODUCTION

West Java Province has the largest population of ducks in Indonesia. Based on data from Bandung Central Bureau of Statistics, in [2], duck population is as many as 8,773,043 tails and in the year 2013 as many as 9,290,789 tails. These conditions indicate that duck farms Java developed very well.

The increasing of public awareness to consume food sources of protein makes the demand for duck meat also increases. This could be seen from the increasing number of roadside restaurants till restaurants that serve a special menu of duck meat with a variety of dishes that are quite diverse. The increasing number of eating places that provide duck meat menu impact on the increasing demand about duck meat [8].

Subang regency is one of West Java area known as duck breeding center area because it has a relatively high number of broiler ducks. Geographical and climatic location in Subang Regency is suitable for duck habitat, because it has tropical climate with air temperature 24-32^0C. The drakers developed in Subang Regency is not from the original broiler but the male cross between CihateupandRambon female ducks. Therefore, this type of duck can be called as drake. Based on data from West Java Provincial Livestock Service Office in 2013[1], the population of drake in Subang Regency is as many as 139,735 tails. The amount makes Subang Regency as the region with the fourth largest drake population in West Java.

Slaughter drakes in Subang Regency spread in several villages, one of them is in Citrajaya Village, Binong District. The drakes farming in Citrajaya village is generally still a community farm with traditional maintenance system. Smallholder farms characterize relatively low business scales and use simple technology. Duck breeding system conducted by most farmers in the research location has a very close relationship with rice cropping pattern. This is due to the maintenance many ducks done by grazing in paddy fields at the time paddy rice is harvested. The grazing of maintenance of ducks at the time of enlargement until ready for sale is done by way of diangon, so farmers still want to always find grazing area [3]. The main reason drake adopt this way is to save the cost of feed.

There are two forms of drakes marketing types, which is calculated based on price per tail and calculated based on price per kg. Calculation of transactions based on price per tail has been largely done by the public. In the price-per-tail pattern the relative price depends on the size of the duck, and sometimes there are considerations that are not principles such as because there are types of feathers that are still young in certain parts, but the size is enough to meet the requirements of adult ducks. The per-tail price calculation is perceived as impractical and may cause errors for larger scale (medium scale) duck farming. Through marketing, farmers can earn business profits and expand their livestock sales network to consumers. Marketing is not just an activity to sell livestock, but rather the way to meet the needs and satisfy consumers. The level of customer satisfaction will affect the number of purchases of drakes, so that it also affects the benefits to be famers gained[4].

Recent market developments indicate increasing in consumption of duck meat, because duck meat has become a favorite food from the lower class to the top. This can be seen with the growing efforts of food stalls, restaurants and hotels that serve a special menu of duck meat, both from drakes and imported ducks with a variety of cuisine from low to expensive prices. The consumption Increased of duck meat occurred since the last two years need to be balanced with increased availability of duck cut. This will open new business opportunities in the field of duck production [5].

Duck marketing trails are done through collectors, then the collectors sell the ducks in the poultry market or direct to the users like to the restaurants. Marketing of drakes done by drakesfarmers Citrajaya Village is to meet the needs of consumers, one of which is consumers in the Jakarta area. Marketing of drakes from Citrajaya Village to Jakarta area is done by involving several marketing actors. This is because the time and mileage used long enough to be able in movingdrakes from farmers to consumers. Marketing actors are parties who have a big role in bridging farmers with the consumer[6].

Marketing actors generally consist of various types of traders ie wholesalers, collectors, dealers and retailers. Every marketing actor has his own interests and ways in distributing drakes to the consumer. Activities that involve farmers, marketing actors, until these consumers form a marketing channel. This research was conducted to find out the forms of marketing channel of drakes from Citrajaya Village to Jakarta area and calculate the percentage of cost, margin, profit and farmer's share in each marketing channel.So that can be determined which marketing channel is the most efficient[7].

MATERIAL AND METHODS

The research was conducted in Citrajaya Village, Binong Sub District, Subang Regency by using descriptive survey method. Respondents study consisted of farmers and the perpetrators of drakes marketing. Marketing respondents were obtained through snowball sampling technique. The data collected consist of primary data and secondary data.

The marketing channel pattern was obtained based on survey data on marketing channels that started from farmers to retailers. Other research data are analyzed descriptively through the calculation of mathematical formula to obtain the amount of margin, cost, profit, and farmer'share.

The value amount and percentage of margin, cost, profit, sertafarmer's share in the study is calculated based on the formula [4] as follows:

1. Partial Trading Margin = Selling Price - Buying Price
2. Total Trading Margin = Retail Price - Price On producent
3. Partial Trading Margin Percentage $= \frac{\text{Partial Trading Margin}}{\text{Total Trading Margin}}$ x 100%
4. Profit of Trading = Margin Trading - Cost of Trading
5. Partial Trading Cost Percentage $= \frac{\text{Partial Trading Cost}}{\text{Total Trading Margin}}$ x 100%
6. Partial Trading Profit Percentage $= \frac{\text{Partial Trading Profit}}{\text{Total Trading Profit}}$ x 100%
7. Total Trading Cost Percentage $= \frac{\text{Total Trading Cost}}{\text{Total Trading Margin}}$ x 100%

8. Total Trading Profit Percentage = $\frac{\text{Total Trading Profit}}{\text{Total Trading Margin}}$

9. Farmer's share: $Lp = \frac{He-M}{He}$ x 100%

    Where:
    Lp = Part of the price received by the farmer (%)
    M = Total Margin (Rp / tail)
    He = Retail Price (Rp / tail)

Note: If LP> 50%, it's mean that marketing can be said efficient.

RESULTS AND DISCUSSIONS
1. Marketing Channels
The distributing process of drakes from Citrajaya Village to Jakarta area involves various parties that play a role in product marketing to the point of the consumer or the so-called marketing actors. Basically, between farmers and marketing actors depend on each other. Both parties are equally engaged in business based on profit motive by relying on their respective business capabilities. For breeders, determining the marketing channel is vital, because it will affect the form of marketing channels. The shape of the marketing channel is depicted the length of the channel and the short length of channel that will affect cost, profit, and marketing efficiency. Based on field observations, three marketing channels can be found in Illustration 1 as follows:
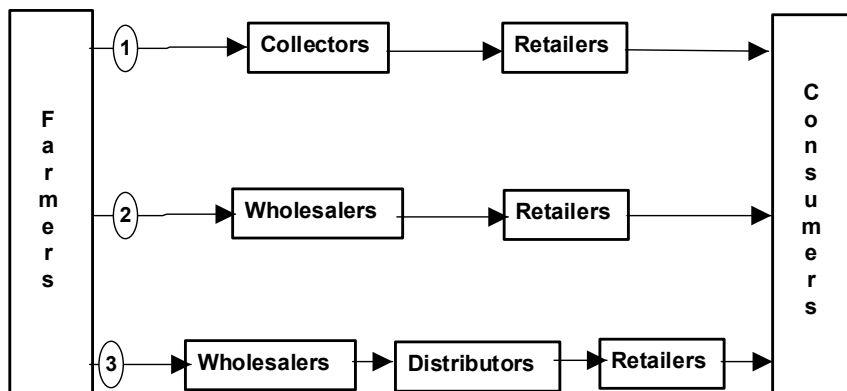

Illustration 1. Drakes Marketing Channel at Binong Sub District, Subang Regency

If tailored to the Kotler marketing classification (2013), Marketing Channels 1 and 2 belong to a second-tier channel, a marketing channel involving two sales as the marketing actors (MC 1: merchant and reseller merchants and MC 2 = wholesalers and retailers) . Unlike the 3rd Channel, which is a three-tiered channel form, a marketing channel involving three marketing actors (wholesalers, distributors and retailers) as it streams the drakes from the farmers to the point of consumers.All the parties is marketing drake the consumers in Jakarta area are as follows:

a. Farmers
Farmers are the party that produces drakes as well as being the first person to do drakes sales activities in every marketing channel. In this study farmers sell their ducks to collecting traders and wholesalers. Sales to the collecting merchants are conducted on Marketing Channel 1, where the number of sales ranges from 300 to 800 tails with an average price of Rp. 29,833, 33 per tail live drake.

Sales of drake to wholesalers are done on Marketing Channels 2 and 3. Farmers sell their livestock at an average price of Rp. 30,000 per tail in the form of life. The system of transactions is done directly in the location of the farmersby cash (cash). Ducks sold are 2.5-3 months old on average. Unit sales of ducks per tail is based on farmers' consideration of the amount of duck produced. If duck sales are done on a per kilogram basis, farmers will get

a fixed price because the weights of ducks produced tend to vary. Citrajaya Village Farmers do not market drake directly to consumers, because it is considered less profitable and not efficient.

b. Collector Traders

Collecting traders are traders who buy drake from thefarmers and then resell to retailers. Merchant collector on Marketing Channel 1 consists of four people. The merchant sells live brown ducklings to the retailer at an average price of Rp. 35.166, 67 per tail. The number of drakes sold to retailers is around 200-400 birds. The represents amount the fixed amount desired by retailers.

c. Wholesalers

Big traders are traders who buy drakes from farmers. The difference between a wholesaler and a collecting merchant lies in the volume of purchases and the way in which the drakes sell. Big traders usually buy ducks in large quantities, which range from 500-1000 tails. In Marketing Channels 2 and 3, wholesalers buy drakes at an average price of Rp. 30,000 per tail in the form of life. After obtaining ducks from farmers, wholesalers will usually store them first in a temporary storage area of bamboo cages. Maximum storage life of up to two days.

In Marketing Channel 2, wholesalers sell broiler ducks to retailers at an average price of Rp. 34,500.00 per tail in the form of life. Meanwhile, on Marketing Channel 3, wholesalers sell drakes in live form to dealer traders at an average price of Rp. 32,833, 33 per tail. The differences in the selling price of drakes to the wholesalers in Marketing Channels 2 and 3 are influenced by each of the marketing functions undertaken. In Marketing Channels 2 wholesalers carry out transport functions when buying and selling beef ducks, whereas on Marketing Channel 3 is only done at the time of duck purchase.

d. Distributors

Distributors are marketing actors who play a role in connecting wholesalers with dealers. Distributors on Marketing Channel 3 and number three. During marketing process, distributors bought drakes from wholesalers at an average price of Rp. 32,833, 33 per tail and sell to retailers with an average price of Rp. 37,333.33 per tail. Payment system at the time of purchase and sale of drakes can be done in cash or gradual payment.

During the marketing process, distributors act as buyers, sellers, and owners of broker duck transport services, so that wholeselers do not have to pay for transportation costs. The cost of transporting drakes will be paid by the retailers. Delivery of broiler ducks to retailers using a pickup car facility equipment with an iron basket as a storage place of drakes

e. Retailers

Retailers are marketing actors who interact directly with the consumer. In general, retailers sell drakes to consumers in the form of carcasses. The reseller dealer on Marketing Channel 1 is four people, while in Marketing Channels 2 and 3 each numbering three. The average selling price of drakes at each retailer is Rp. 39,750.00 per pcs on Marketing Channel 1, Rp. 39.666,67 per pcs on marketing channel 2, and Rp. 42.166,67 per pcs on Marketing Channels 3. Consumers who buy drakes from the average retailer are duck businessmen and small food stalls. Merchant retailers sell drakes to thedrake entrepreneurs as much as 200-500 pcs whereas to the small eaters an average of 250 pcs in one sale.

2. Marketing Margin

The amount of marketing margin in every marketing channel of drakes is influenced by each price applied in each farmers and the marketing player. The selling price of drakes in this study is based on the average price of a number of farmers and marketing actors. The magnitude of marketing margins of drakes is detailed in Table 1.

Table 1 Average Prices and Marketing Margins of Drakes on Marketing Channels 1, 2 and 3

	Marketing Margins	Channel 1		Channel 2		Channel 3	
		Value (Rp/tail)	Percent (%)	Value (Rp/ tail)	Percent (%)	Value (Rp/ tail)	Percent (%)
A	**Farmers**						
	*Sell price	29,833.33	75.05	30,000.00	75.63	30,000.00	71.15
B	**Collectors**						
	*Buyprice	29,833.33	75.05	-	-	-	-
	*Sellprice	35,166.67	88.47	-	-	-	-
	*Margin	5,333.33	53.78	-	-	-	-
C	**Wholesalers**						
	* Buy price	-	-	30,000.00	75.63	30,000.00	71.15
	* Sell price	-	-	34,500.00	86.97	32,833.33	77.87
	*Margin	-	-	4,500.00	46.55	2,833.33	23.29
D	**Distributors**						
	* Buy price	-	-	-	-	32,833.33	77.87
	* Sell price	-	-	-	-	37,333.33	88.54
	*Margin	-	-	-	-	4,500.00	36.99
E	**a) Retailers**						
	* Buy price	35,166.67	88.47	34,500.00	86.97	37,333.33	88.54
	* Sell price	39,750.00	100.00	39,666.67	100.00	42,166.67	100.00
	*Margin	4,583.33	46.22	5,166.67	53.45	4,833.33	39.73
F	**Consumers**						
	* Buy price	39,750.00	100.00	39,666.67	100.00	42,166.67	100.00
Marketing MarginsTotal		9,916.67	100.00	9,666.67	100.00	12,166.67	100.00

Description: * Sell price and buy price is in the average price

3. Cost and Profit Marketing

Every marketing function performed by each business actor certainly raises marketing costs vary. The difference is determined by the distance of the seller's location to the buyer, the volume of sales, venture capital, and the form of the goods sold. In addition, the benefits of each marketing actor can be known after reducing the revenue earned from the sale of drakes to the business costs incurred during the marketing process. The amount of marketing costs and benefits found in Marketing Channels 1, 2 and 3 can be seen in Table 2.

Table 2 Marketing Costs and Sell ProfitsatDrakeTrading

Channel	Marketing agent	Margin	*Cost (Rp/tail)	Percent (%)	*Profit (Rp/tail)	Percent (%)
1	Collectors	5,333.33	2,404.70	67.78	2,928.63	45.98
	Retailers	4,583.33	1,142.86	32.22	3,440.48	54.02
	*Total	**9,916.67**	**3,547.56**	****100.00**	**6,369.11**	****100.00**
2	Wholesalers	4,500.00	2,027.78	67.10	2,472.22	37.21
	Retailers	5,166.67	994.44	32.90	4,172.22	62.79
	*Total	**9,666.67**	**3,022.22**	****100.00**	**6,644.44**	****100.00**
3	Wholesalers	2,833.33	276.19	7.40	2,557.14	30.32
	Distributors	4,500.00	1,806.21	48.37	2,693.79	31.94
	Retailers	4,833.33	1,651.42	44.23	3,181.92	37.73
	*Total	**12,166.67**	**3,733.82**	****100.00**	**8,432.85**	****100.00**

Description: * Margin, Cost, Profit, Percentage of Cost, and Percentage of Total Marketing Profit
       ** Calculated by formula

4. Farmer's Share

Farmer's share is the percentage of shares earned by drakes from the price applicable to retailers. The size of the farmer's share is determined by the length of the marketing channel and the magnitude of the selling price applicable to the retailer. Farmer's share calculation technique is to calculate the price at the level of farmers divided by the price at the level of drakes retailer and then multiplied 100 percent. The results obtained from the calculation of farmer's share in Marketing Channels 1, 2, and 3 can be seen in Table 3.

Farmer's share is the percentage of shares earned by drakes from the price applicable to retailers. The size of the farmer's share is determined by the length of the marketing channel and the magnitude of the selling price applicable to the retailer. Farmer's share calculation technique is to calculate the price at the level of farmers divided by the price at the level of drakes retailer and then multiplied 100 percent[4]. The results obtained from the calculation of farmer's share in Marketing Channels 1, 2, and 3 can be seen in Table 3.

Tabel 3 Farmer's Share AcceptanceOn Drakes Marketing Trading

No	Agent	Sellprice (Rp/tail) Channel			Farmer's Share (%) Channel		
		1	2	3	1	2	3
1	Peternak	29,833.33	30,000.00	30,000.00	75.05	75.63	71.15
2	Pedagang Pengecer	39,750.00	39,666.67	42,166.67			

Description: 1 = Marketing Channel 1 (MC 1); 2 = Marketing Channel 2 (MC 2); 3 = Marketing Channel 3 (MC 3)

5. Marketing Efficiency

After knowing the amount of total marketing margin and farmer's Share on Marketing Channels 1, 2, and 3, it can be seen that all marketing channels are included in an efficient marketing stage. The three marketing channels are efficient based on each acquisition of farmer's share that is above 50 percent. In addition, several factors contribute to the three channels, thus becoming an efficient marketing channel. These factors are cost, profit, distance, travel time, marketing facilities and infrastructure. Table 2 shows that the costs incurred in each marketing channel are not too expensive. The costs incurred in each marketing channel consist of transportation costs, labor costs, and cutting costs. The cheaper the costs incurred then the marketing channel can be said to be more efficient. In addition, the profit sharing in each marketing actor is fair enough. Each profit earned is in accordance with the marketing function that is run.

Based on the information in Table 3, it can be concluded that the most efficient marketing channel is in Marketing Channel 2. Because the price received by the farmer tends to remain and the price paid by the consumer occupies the lowest price position compared to marketing channels 1 and 3. So on the Marketing Channel 2 farmers get the lowest total marketing margin and the highest farmer's share.

CONCLUSION

The marketing channel of drakes from Citrajaya Village to Jakarta area consists of three forms, namely:
a. Farmers→Collectors→ retailers (MC1)
b. Farmers → wholesalers → retailers (MC2)
c. Farmers → wholesalers →distributors→ retailers (MC3)

1. The most appropriate marketing margin for drake farmers that has the lowest margin value is Rp. 9,666.67 per tail, where the distribution of drakes to consumers through wholesalers and retailers.
2. The most efficient marketing channel is marketing channel 2 because it has the lowest total marketing margin (Rp 9,666.67 per tail) with the highest farmer's share (75.63%).

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