



Marketing Margin Analysis of Pork Retailers in Airmadidi Traditional Market

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Abstract: Pig farming has a very important economic meaning because it is a type of beef livestock that is well known to some people. This research aims to determine the form of channels, marketing margins and profits, as well as the share of prices received by pork producers at the Airmadidi Market. The research used a survey method for producers, retailers and final consumers. The sample was determined using a purposive sampling technique, namely a sample selection technique with certain considerations in accordance with the research objectives, based on the consideration that the retailers sampled were regular retailers, who sell at the market every day. The results of the study showed that the characteristics of respondents in this study were retailers and end consumers including age, last education, length of business and length of service. The age of respondents, both producers, retailers and end consumers, were in the productive age. The age range of retailers was <31 years (12.5%) 31-45 years (50%) and > 46-60 years (43.75%). There are two forms of marketing channels in pork marketing in the Airmadidi market, namely direct and indirect. The average selling price of pork at the producer level is IDR 32,000/kg, while the price at the final consumer level was IDR 70,000/kg carcass weight. Then the marketing margin at the retailer level was IDR38,000, thus the portion received by the trader retailers by 46%. Revenue at the retailer level was IDR. 29,503,222 with total marketing costs of IDR 18,237,700, resulting in a profit received at the retailer level of IDR 11,265,522 per retailer.

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INTRODUCTION

Agricultural development in the livestock subsector is increasing along with increasing people's incomes, this has caused people's consumption of animal protein sources originating from pigs to increase. The livestock subsector is expected to be able to provide the community's needs for good quality food from livestock, be able to empower human resources to produce highly competitive products and also be able to create economic opportunities and utilize natural resources as support for livestock. Pigs are meat producing livestock. Pig farming has a very important economic meaning because it is a type of beef livestock that is well known to some people. Pigs are a monogastric livestock source of meat that has a large number of young at each birth, so they can reproduce quickly and have relatively high productivity (Kumanireng, et al. 2017).

Marketing is the activity and process of exchanging offers of value to customers. Marketing begins with fulfilling human needs and desires. Marketing has a very important function in connecting producers with consumers and providing great added value in the economy, marketing strategy is very important in the success of a business (Zebua, 2018; Fathan, et al., 2024). Without marketing activities, goods produced by producers do not reach the hands of consumers (Kalele, et al., 2021). Marketing channels are important in the marketing process, where this activity aims to distribute products from producers to final consumers.

A pig farming business is a business that is run to produce good pork products which are then sold to retailers for resale until they reach the final consumer. A retailer is someone who regularly markets livestock products such as pork. Based on a pre-survey, at Airmadidi Market there are 27 pork retailers, including 24 permanent traders and 3 non-permanent traders, and pork sales are carried out on Tuesdays, Thursdays and Saturdays and these days are market days. Marketing margin is the price difference or the difference between the price paid by final consumers and the price received by producers (Ali, 2014). Profit is total revenue minus total costs (Engelbertus, 2020). Profit is the expected goal in retail traders' activities in marketing pork, but traders do not yet know how to make a profit, marketing margin and the share of the price that retailers receive from the price of pork paid by final consumers. Therefore, researchers are interested in conducting research on profits and marketing margins of pork retailers at Airmadidi Market.

MATERIALS AND METHODS

The research was conducted in February 2023 at Airmadidi Market, Airmadidi District, North Minahasa Regency. The number of research samples consisted 2 (two) producer respondents, 10 retail trader respondents and 20 end consumer respondents. Primary data was obtained from field observations and interviews with traders after filling out questionnaires, while secondary data was obtained from journals, books and research-related institutions.

Data analysis

The data obtained in this research was processed qualitatively and quantitatively, and presented in the form of descriptions and numerical tabulations. Data processing was carried out using descriptive methods. Qualitative analysis was used to determine the characteristics of respondents and pork marketing channels. Respondent characteristics include gender, age, education level and length of business. Data analysis follows the instructions ((Dermawan, 2019; Lasaharu & Boekoesoe, 2020; Lumenta et al., 2022; Oroh, 2024; Pangemanan et al., 2023), formulas:

$$Mp = [Pr - Pf]$$

Where:

MP: Marketing margin (IDR/kg)

Pr: Price at consumer level (IDR/kg)

Pf: Price at farmer level (IDR/kg)

$$PR = \frac{TP}{MC}$$

Where:

PR = Profit to Cost Ratio

TP = Total Profit.

MC = Marketing Costs.

RESULTS AND DISCUSSION

Respondent Characteristics

The characteristics of respondents in this research were retailers and final consumers including age, final education, length of business and employment. The ages of respondents, both producers, retailers and final consumers were productive age as can be seen in Table 1. The majority age of respondents were <31 (12.5%) 31 – 45 years (50%) and >46 – 60 years (43.75 %). Hardyastuti (2011) state that the productive age range between 15-55 is one of the factors driving success in managing activities for business actors.

The education level of the respondents can be seen in Table 1. It shows that the characteristics of the respondents in terms of their final education level were mostly junior high school (12%) and high school (71.8%). Education is the most important sector that many countries invest heavily in for the development and quality of their human resources. A person's behavior is largely determined by a person's intellect. It is assumed that the more intellectual a person is, the more rational they will be in making decisions or behavior in their life (Parsaulian, 2013). For example, when someone carries out economic activities, rational decisions on certain options will be taken when the smallest opportunity costs are taken. This means that economically, these economic activities will be more efficiently carried out by someone who has insight and a level of knowledge so that it becomes a rational decision. Therefore, the level of education will influence an individual in making decisions. Imas (2014) states that education has an important role in the era of information and knowledge, where intellectual skills are used as capital in business. Meanwhile, most consumers' jobs are traders (34.3%). Fausayana et al. (2014) state that work is very determining in supporting the economy and the level of family welfare.

Ali (2014) state that margin is the price difference between the price paid by the final consumer and the price received by the producer. Yusuf and Nulik (2008) state that the difference in prices received by producers and traders in the process of marketing beef livestock. According to Jumiaty (2013) the role of marketing intermediaries is to transform the product mix. Table 2 shows that the number of pigs purchased by retailers at the farmer level was around 3-10 heads with an average amount of pork around 276-1,050 kg with an average of 543 kg per farmer, and with a selling price of IDR 32,000 per kg at the farmer level, so farmers receive an average income of IDR 17,395,200.

Table 3 shows the variations in marketing costs for retailers in the Aermadidi market in one month. Labor costs vary between IDR 250,000- IDR 600,000, transportation costs vary between IDR 200,000- IDR 600,000, and retribution costs vary between IDR 75,000-IDR 150,000. while the average cost of renting a stall was IDR 150,000, and buying plastic bags for wrapping was IDR 50,000- IDR 100,000.

Table 1. Respondent characteristics

	Respondent	Producer	Retailer	Final consumer	Total	%
a)	Age (years)					
.	<31		1	1	2	12,5
.	>31-45	1	5	10	16	50
.	>46-60	1	4	9	14	43,75
	Total	2	10	20	32	100%
b)	Education					
.	Elementary school	1	2		3	9,37
.	Junior high school		2	2	4	12,5
.	Senior high school	1	6	16	23	71,8
.	College			2	2	6,25
	Total	2	10	20	32	100%
c)	Job					
.	Farmer	2			2	6,25
.	Trader		10	1	11	34,3
.	Government employees			4	4	12,5
.	Private employees			5	5	15,6
.	Housewife			10	10	37,5
	Total	2	10	20	32	100%

Table 2. Livestock Purchases by Retail Traders Per Week

Respondent	Livestock (head)	Live weight (kg)	Price per live weight (IDR)	Total (IDR)
1	9	765	32.000	24.480.000
2	5	500	32.000	16.000.000
3	8	840	32.000	26.880.000
4	3	310	32.000	9.920.000
5	3	276	32.000	8.832.000
6	10	1.050	32.000	33.600.000
7	6	630	32.000	20.160.000
8	3	290	32.000	9.280.000
9	3	300	32.000	9.600.000
10	5	475	32.000	15.200.000
Total		5.436		173.952.000

Table 3. Retail Trader Fees at Aermadidi Market

Responden	Livestock purchase (IDR)	Transportation (IDR)	Labor (IDR)	Retribution	Packaging	Total
1	24.480.000	300.000	450.000	150.000	100.000	25.480.000
2	16.000.000	200.000	300.000	100.000	75.000	16.675.000
3	26.880.000	250.000	400.000	150.000	100.000	27.780.000
4	9.920.000	250.000	300.000	75.000	50.000	10.595.000
5	8.832.000	300.000	300.000	75.000	50.000	9.557.000
6	33.600.000	600.000	600.000	150.000	100.000	35.050.000
7	20.160.000	250.000	350.000	100.000	75.000	20.935.000
8	9.280.000	300.000	300.000	75.000	50.000	10.005.000
9	9.600.000	300.000	300.000	75.000	50.000	10.325.000
10	15.200.000	250.000	350.000	100.000	75.000	15.975.000
Total	173.952.000	3.000.000	3.650.000	1.050.000	725.000	182.377.000
Average	17.395.200	300.000	365.000	105.000	72.500	18.237.700

Table 4 shows that the average revenue from the sale of pork carcasses was IDR 27,681,000 per trader, while the revenue from non-carcass sales was IDR 1,822,000, so the total revenue was IDR. 29,503,000 per trader. The selling price for each carcass and non-carcass component of pork varies depending on bargaining between traders and buyers in transactions between pork traders in traditional markets (Osak et al., 2020).

Table 4. Total Retailer Revenue

Respondent	Carcass weight (Kg)	Total (IDR)	Non carcass weight (Kg)	Total (IDR)
1	612	38.615.000	114,75	2.562.750
2	400	25.200.000	75	1.675.000
3	672	42.390.000	126	2.814.000
4	248	15.690.000	46,5	1.038.500
5	221,6	13.966.000	41,8	928.000
6	840	53.000.000	159,5	3.517.500
7	504	31.750.000	94,5	2.110.500
8	232	14.640.000	43,5	977.500
9	240	15.175.000	45	1.005.000
10	379,5	23.905.000	71,25	1.591.250
Total	4.349,10	249.131.000	817,8	18.220.000

Marketing Channels and Institutions

According to Ningrum and Harti (2015) marketing channels are a series of organizations related to all activities used to distribute products. Companies can use institutions or intermediaries to distribute their products to end consumers. Butarbutar et al. (2014) state that marketing has a very important function in connecting producers with consumers and providing great added value in the economy. Based on the results of research by interviewing producer and retailer respondents, as well as final consumers at the Aermadidi market, the shape of the pork marketing channel was known, i.e. the marketing channel pattern of producer – retailer – final consumer.

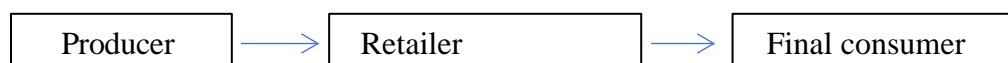


Figure 1. Marketing channels

Table 5. Marketing Margin Analysis

Margin component	IDR/Kg
Pork Price (producer)	32.000
Pork Price (final consumer)	70.000
Marketing margin	38.000

Table 5 shows that producers sell pork at a price of IDR 32,000/kg and retailers resell pork carcass at a price of IDR. 70,000/kg to the final consumer, thereby providing a margin contribution of IDR 38,000. Ali (2014) state that margin is the price difference between the price paid by the final consumer and the price received by the producer.

Revenue, Expenditures and Profits of Retailers

Revenue comes from sales of products in the form of goods and services. Revenue or gross income is the amount of all production produced in a business activity multiplied by

the prevailing price. Puspa et al., (2017) explained that the role of price allocation is the function of price in helping buyers to decide how to obtain the highest expected benefit or utility based on their purchasing power. Thus, prices can help buyers decide how to allocate their purchasing power to various types of goods and services. Buyers compare the prices of various available alternatives, then decide on the desired allocation of funds. Astati (2015) state that to obtain use value, each marketing institution incurs marketing cost.

Table 6. Retailer's profit

No	Description	Total (IDR)
1	Revenue (TR)	29.503.222
2	Expenditue (TC)	18.237.700
3	Profit	11.265.522

Table 6 shows that the average income of each pork retailer for one month was IDR 29,503,222. Average Expenditures incurred by retailers for one month was IDR 18,237,700 with the average profit received was IDR 11,265,522.

CONCLUSION

Pork marketing channels at Airmadidi Market consist of two forms of channels, namely direct channels or producers directly to final consumers and indirect channels through retailers. The average income at the producer (breeder) level was IDR 17,395,200, while the income at the retailer level was IDR 29,503,222 with profits received at the retailer level was IDR 11,265,522. The marketing margin at the trader level was IDR 38,000, while the farmer's share, share of marketing profits received by producers or breeders was 46%.

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