



# Cattle Marketing Strategy In The Livestock Market Suka Village, Tigapanah District, Karo Regency

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**Abstract.** Livestock is a sub-sector of rural community economic development, so it must be explored and developed to provide added value to livestock businesses. This study aims to determine strategy applied to cattle market traders and examine the cost and profits obtained from the livestock market in Suka Village, Tigapanah District, Karo Regency, North Sumatra Province. The study was carried out from September - October 2021 and used the results of observations and interviews of respondents as primary data. Determination of respondents using snowball sampling method which has 50 respondents. Secondary information is obtained from related parties such as the Central Bureau of Statistics and the Karo Regency Agriculture Office. The parameters studied are institutions, channels, market functions, structure, behavior, market performance, market margins, farmer's share and profit to cost ratio. The results of this study show there are two marketing channels: the first channel: farmer–consumer and the second channel: farmer–collector–consumer. The market performance in this study is that technical development has not improved and the quality of products and services of farmers has not been maximized. Through the first marketing channel, the marketing margin is Rp.0 and the second channel is Rp.815,384. Farmer's share in the first channel is 100% and the second channel is 95.59 %. The profit to cost ratio of channel I is 105-.86 and channel II is 2.55. The conclusion of this study is that the marketing of beef cattle in the livestock market in Suka Village, Tigapanah District, Karo Regency is efficient.

Keywords : Marketing Efficiency , Livestock Market , Beef Cattle, Strategy, Profit

Received 27 July 2023 | Revised 16 November 2023 | Accepted 16 November 2023

## 1. Introduction

Indonesia is one of the developing countries whose economic growth has accelerated, but has not been very good at reducing income inequality, poverty and unemployment. There are several ways to develop village communities, one of which is by strengthening the independence of village communities.

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Regional development is an effort to improve the quality of life of the community, society and the state in a sustainable manner to achieve the welfare of the community, society and the state. Such development can be achieved by utilizing the potential of society and the nation, namely potential human resources and natural resources [1].

Livestock in the Tigapanah area is a sub-sector of rural community economic development, so it must be explored and developed to provide added value to livestock businesses. Regarding the cattle marketing strategy for livestock market, the author is interested in conducting research at the livestock market in Suka Village.

## **2. Material and Methods**

This research was carried out from October - November 2021 at the Tigapanah Livestock Market, Karo Regency, North Sumatra Province.

### **Research Methods**

Determination of respondents using snowball sampling method which has 50 respondents. The form of research used in this study is a descriptive research method with a qualitative approach. The descriptive research method is a way of collecting data based on problems or phenomena that occur when the research is carried out (actual), to then find a way out of the problems encountered. Therefore, the author describes the conditions in the form of strengths, weaknesses, opportunities and threats faced by the object of research in this case is the Tigapanah Cattle Market, so as to provide a clear picture and find a business development strategy for the Tigapanah Cattle Market.

In qualitative research does not use the term population, but is better known as social situations and the term sample is not in the name of respondents, but as resource persons, or participants, traders, friends and teachers in the research. The definition of the concept in this study is :

1. Strategy is defined by [2] as various means to an end.
2. Services are all economic activities whose results are not products in physical or construction form, which are usually consumed at the same time as the time produced and provide added value (such as comfort, entertainment, pleasure or health) or solution to the Problems facing consumers [3].
3. Traditional livestock markets are thriving markets in communities with indigenous traders. Traditional livestock markets usually arise from the needs of the general public who need a place to sell the livestock produced [4].

### **Data Collection Techniques**

Data collection techniques are the most important step in research, because the main goal is to obtain data. Without knowing the data collection technique, the researcher will not get data that meets the standards applied. When looking at the data source, the data collection can use primary and secondary sources. Primary sources are data sources that directly provide data to data collectors, and secondary sources are sources that do not directly provide data to data collectors, documents [5].

Data collection techniques in this study were carried out in several ways, such as :

#### **a. Interview.**

In this study, researchers will conduct a type of semi-structured interview, that is, an interview process that uses interview guidelines derived from topic development. The system used in asking questions and the use of terminology is more flexible than structured interviews. This type of interview in its implementation is freer and has the aim of finding problems more openly, where the interviewee is asked for his opinions and ideas. Interviews (questions and answers) will be conducted directly with informants who are considered to know about the problem to be studied such as owners or so-called traders at the Suka/Tigapanah cattle market, as well as some buyers from this market.

#### **b. Observation**

In this study, the researcher used a frank or disguised observation technique, where the researcher asked frankly to the informant, that he was conducting research in the Tigapanah livestock market. So the informant knows from beginning to end about the researcher's activities. A document is a record of past events. Documents can be writings, drawings, or monumental works of a person. In this study, writings, journals and academic papers are used as reference material for researchers.

### **Data Analysis Techniques**

The data analysis technique used in this study is qualitative descriptive analysis, which describes the nature of something that is ongoing at the time the research is carried out and examines the causes of a particular symptom [6]. This study uses SWOT analysis, which is the identification and classification of internal and external factors to determine strengths, weaknesses, opportunities, and threats then analyzed to determine livestock market conditions and formulate a business development strategy to then be implemented.

## **3. Results and Discussion**

Marketing channel I is also called level 1 marketing because it involves one marketing agency, namely the farmer. In this channel beef cattle breeders directly bring their beef cattle to the animal market to be sold. The reason farmers sell directly to the animal market is because the residence

is close to the animal market, all profits from sales go to the farmer and want to see and buy beef cattle directly belonging to other farmers. From the respondents who were found at the animal market, there were 57 people who played a role in marketing channel I, they came from Karo District, such as Suka Village, Kabanjahe, Lingga, Dolat Rakyat, Lingga Julu, Munthe, Simpang Empat and Tigapanah and some came from outside Karo, namely from Siantara. Marketing channel II is also called 2-level marketing because it involves two marketing institutions, namely breeders and collectors. Collector traders buy beef cattle from breeders in the vicinity of their residence who will then resell them at the animal market. Of the respondents who were found at the animal market, there were 13 people involved as collectors. The collecting traders come from Karo, Binjai and Simalungun Regencies. A number of respondents were also related to two marketing channels, namely acting as breeders as well as collectors. This was carried out by Jiwa Tarigan, Manis Surbakti, Terang Pelawi, Sinulingga, Kecil, and Jumba Bangun. This is because it is an effort to increase profits and beef cattle sales [7].

**Marketing Function**

Based on observations, marketing agencies involved in marketing beef cattle at the livestock market in Tigapanah District, Karo Regency do not perform all existing marketing functions. Farmers perform an exchange function, namely the sales function in the form of beef cattle with an average selling price of Rp. 18,102,941 per head. The physical functions performed are the functions of transport and storage. The transportation function carried out by farmers is the transportation of beef cattle from the farmer's residence to the animal market using pick-up cars and trucks. The average cost incurred for transportation costs is Rp.112,353 per head.

**Table 1.** Marketing functions

No	Institution Benefit P	Function Benefit P	Treatment
1	Breeder	Exchange Physical Facilities	Sales Transport and storage Financing
2	Collecting Merchants	Exchange Physical Facilities	Sales and Purchases Transport and storage Market information, financing, collection, Countermeasures Risk

Tigapanah livestock market has two marketing channels. This can be seen in the following figure:

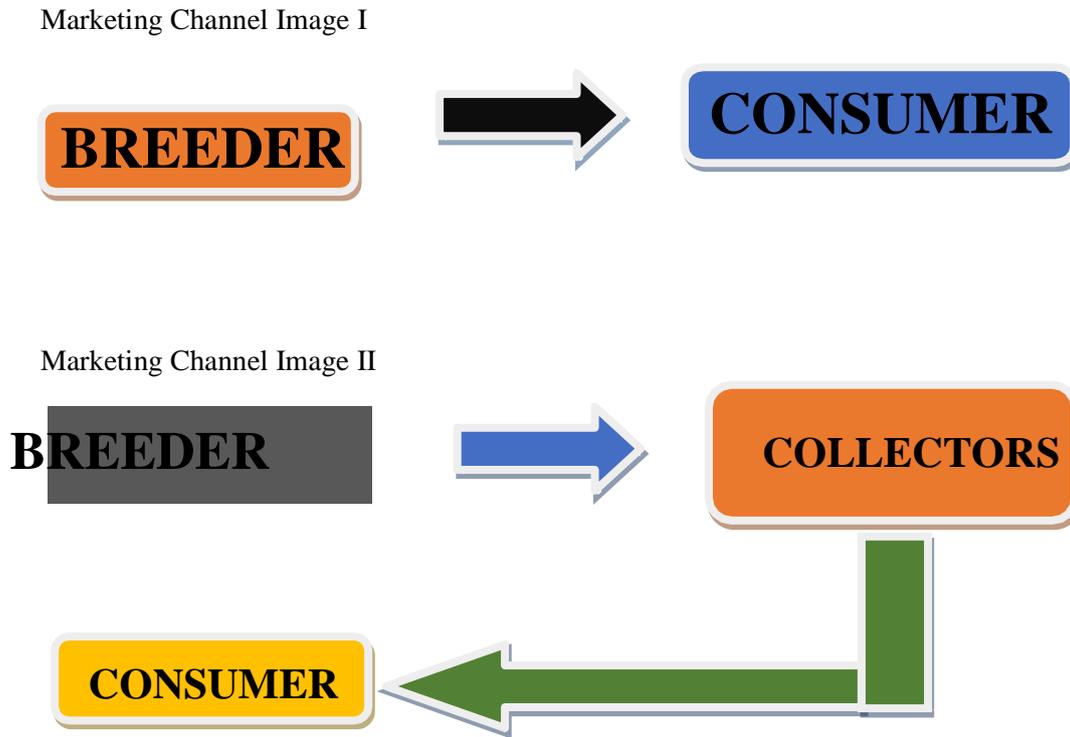


Figure 1. Marketing channels

**Market Structure**

Based on marketing agencies involved in marketing beef cattle at the Tigapanah livestock market, there are two marketing agencies involved . The two marketing agencies can be seen in the following table :

**Table 2.** Marketing agencies

No	Marketing agencies	Total (n)	Percentage
1	Breeder	17	56,67
2	Collecting merchants	13	43,33
<b>Total</b>		<b>30</b>	<b>100</b>

From the table above, it is known that farmers are more involved in marketing beef cattle in the livestock market which has a percentage of 56.67% compared to collecting traders who have a percentage of 43.33%. This is because the distance where farmers live is closer to the animal market so that farmers can directly sell their beef cattle to the animal market without going through intermediaries [8].

**Marketing Margin**

Marketing margin on marketing channel I is Rp.0. This is because farmers who directly sell their beef cattle to consumers at the livestock market so as to provide higher profits to farmers [9]. Channel II has a marketing margin of Rp.815,384. This is because the average purchase price of beef cattle is Rp.17,665,385 per head and the selling price is Rp.18,480,769, so that marketing channel II provides less profit to farmers.

X and Y variables by multiplying the entire frequency of the data by its weight. Weights for importance and performance use the Likert scale level where very good/very important is given a weight of 5, good/important is a weight of 4, ordinary is a weight of 3, less good/less important is a weight of 2, and not good/unimportant is given a weight of 1. Then divide the number of scores by the number of respondents, the result is in the form of an average score of importance and an average score of performance level .

**Table 3.** SWOT analysis of marketing margins

No	Marketing channels	Purchase Price (Rp/head)	Selling price (Rp/head)	Marketing margin (Rp/head)
	I	-	IDR 18,102,941	-
	II	17.665.385	IDR 18,480,769	815.384

**Table 4.** Marketing Value and Priorities X and Y

TOTAL	21 % <17,665,385	Y value < X value (Low percentage )
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**Profit To Cost Ratio**

The ratio of profit to cost can be used to determine the profit obtained to marketing costs incurred by marketing agencies. Marketing can be said to be efficient if the ratio of profit to cost is evenly distributed in all marketing agencies and has a positive value [10].

**Table 5.** The ratio of profit to cost on beef cattle marketing in the livestock market of Suka Village, Tigapanah District, Karo Regency .

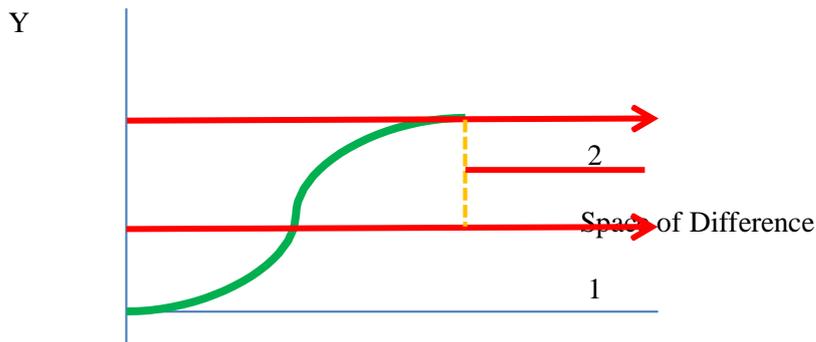
No	Marketing channels	Profit (Rp/head)	Cost (Rp/head)	Profit ratio against cost (Rp/head)
1	I	17.933.529	169.412	105.86
2	II	585.385	230.000	2.55

From table 5 above it can be seen that in marketing channel I the profit to cost ratio is 105.86. This is because farmers sell their beef cattle directly to the animal market without going through

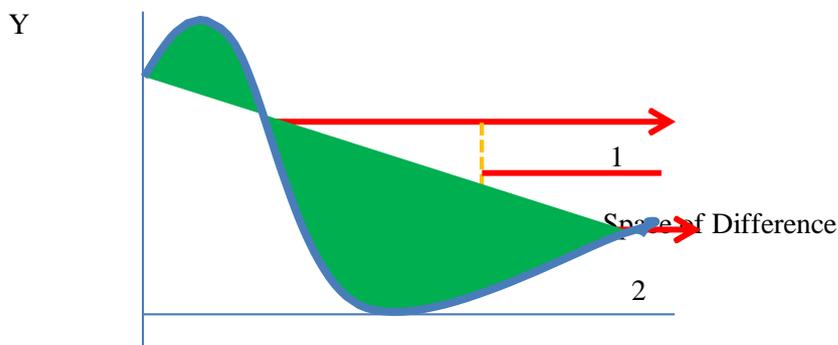
intermediaries and the profits obtained will be entirely to farmers . On marketing channel II the profit to cost ratio is 2.55. This is because farmers' beef cattle are sold through intermediaries, namely collecting traders. So that the ratio of profit to cost obtained from marketing beef cattle is 2.55.

**Margin SWOT**

The SWOT margin that can be seen from this research is: The percentage between X and Y that is continuous can make margin space as below:



X



X

Information:

- 1: Main marketing channels (1) which include farmers and consumers
- 2 : Second marketing channel (2) which includes breeders, traders  
Collectors and consumers

Based on the SWOT strategy , the data can be known :

1. Strength :

$Y < X = 0 < 100 \%$  (based on consumer financing, due to no interference from marketing channel II on the margin )

$X < Y = 21\% < 17.7\%$  (based on the merchant's profit, due to the intervention of a second party in the marketing )

2. Weaknesses :

- There is a price reduction factor if suddenly the cow experiences weight loss or sudden death.
- Lack of facilities for detailed measurement of cow body weight.

3. Threats :

- Based on the margin, the threat to be aware of is the space of difference. Because, if consumers only apply purchases from the first channel system, the second channel marketing agency will collapse, and vice versa.
- Consumers who check individually will apply a personal purchasing system and choose to estimate the body weight in detail so that the price issued is in accordance with the price of the weight of the cow.

4. Opportunity :

- Can make price summation better and more profitable because it has 2 marketing agencies. This is in accordance with research by [11].
- The existing marketing agency will be supported by the Karo regional government so that the benefits obtained between the 2 marketing agencies are getting better and maintaining the quality of the cattle for consumers.

#### 4. Conclusion

The marketing agencies involved in marketing beef cattle at the livestock market in Suka Village, Tigapanah District, Karo Regency are breeders and collectors. These marketing institutions form two marketing channels, namely the first channel: breeders – consumers and the second channel: breeders – collectors – consumers. The marketing function performed by the farmer includes the exchange function, namely sales, the physical function, namely transportation and storage, the facility function, namely financing. Marketing functions carried out by collectors include exchange functions, namely sales and purchases, physical functions, namely transportation and storage, facility functions, namely market information, financing, collection and risk sharing.

Marketing of beef cattle has a market structure where the number of sellers and buyers is large enough to allow for competition. Marketing costs are still not uniform and there is no intervention

from the government in the areas of price and product improvement. The marketing margin on the first channel is Rp.0 and the marketing margin on the second channel is Rp.815,384. The sum of the prices is getting better and more profitable because it has 2 marketing agencies. The valid marketing agency should be supported by the Karo regional government so that the benefits obtained between the 2 marketing agencies are getting better and maintaining the quality of the cattle for consumers. Farmer's share. on the first channel is 100% and on the second channel is 95.59%. Profit to cost ratio on the first channel is 105.86 and the second channel is 2.55. Judging from the marketing margin, farmer's share and profit to cost ratio, the marketing of beef cattle at the animal market in Suka Village, Tigapanah District, Karo Regency is declared efficient.

### **Suggestion**

It is recommended for breeders and collectors involved in marketing beef cattle at the animal market in Suka Village, Tigapanah District, Karo Regency to increase sales, product quality and maximize services. In purchasing beef cattle, it is best to master the technique of estimating the weight of the cattle in order to get a reasonable price.

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