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Beef Marketing Analysis PT. Lembu Andalas Langkat Stabat

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Abstract. Marketing is all the factors that are responsible for beef being distributed from the production location to where beef are consumed. This study aims to identify the characteristics of marketing institutions, big agents and retailers/small agents marketing beef, beef marketing channels, analyze marketing margins, farmer's share, beef marketing costs, and analyze beef marketing efficiency at PT Lembu Andalas, Langkat. This research was conducted in July 2022 – August 2022. The sampling method chosen was snowball sampling, namely by following marketing channels from producers to consumers. Data was collected by using interview techniques using questionnaires. The results of this study indicate that there are two marketing channels. The smallest marketing margin is obtained in marketing channel II. The bigst farmer's share is obtained in marketing channel I. So it can be concluded that the first and second channels are efficient channels because they have an efficiency value of >1.

1 Introduction

Data from the Ministry of Agriculture shows that the most popular meat commodity is beef, when compared to other types of meat such as mutton, buffalo and pork. Therefore, to meet the increasing demand for beef, it is necessary to import cattle. According to [1], importing is bringing in goods that are not yet available in the country from abroad, one of which is bringing in beef cattle feeders. The declining productivity of local cattle is also a major cause of low national meat production. To anticipate this condition, the government and several institutions import beef and feeders that are ready to be fattened.

Beef demand is currently met from three sources: local cattle breeders, imported feedlot cattle and fresh meat imports. One of the centers for fattening imported cattle feeders is PT Lembu Andalas Langkat. PT Lembu Andalas Langkat is a cattle fattening company established with an area of 4 Ha, with a capacity of 2,400 heads. PT. Lembu Andalas Langkat itself is one of the feedlotter in Indonesia that meets the demand for beef cattle in the Sumatra region.

Factors that affect the success of a livestock business are knowing the flow of good marketing, therefore the first step of a cattle farming business is to know the flow of marketing. The relatively long and inefficient marketing flow system causes all parties to be disadvantaged both for producers, breeders and consumers. Consumers will be burdened with heavy marketing costs as a result of which consumers must pay very high prices. Meanwhile, for farmers, the selling price becomes cheaper which results in reduced income. This is because marketing is all the factors that are responsible for beef being distributed from the production location to the area where beef cattle are consumed by the community. To create an efficient marketing system that benefits both farmers and consumers, short, effective and efficient marketing channels must be chosen. This background is what causes researchers to be interested in conducting researchof marketing system in PT. Lembu Andalas Langkat.

2 Materials and Method

2.1. Research Methods and Sampling

The research method used was a survey method, namely interviews and direct observation with PT. Lembu Andalas Langkat (LAL). The study population is some of the individuals/marketing institutions involved in the beef cattle marketing system. In the marketing system of beef cattle from producers of PT Lembu Andalas Langkat to consumers. The sampling method chosen was snowball sampling, namely by following the marketing channel from producers to consumers. This technique determines the sample based on interviews with previous samples or by correspondence.

2.2. Data Collection

The data collected in this study are primary data and secondary data. Primary data can be obtained from direct observations and interviews, while secondary data is obtained from relevant institutions and agencies such as the central statistics agency (BPS), the livestock service and other institutions.

2.3. Data Analysis

Data collected from respondent interviews were then analyzed according to the problems tested descriptively. Analytical calculations were carried out to determine marketing channels, marketing margins, farmer's share and marketing efficiency.

2.3.1 Marketing Channels

The marketing channels of PT Lembu Andalas Langkat are analyzed descriptively by looking for distribution channels from PT Lembu Andalas Langkat to consumers.

2.3.2 Marketing Margin

The marketing margin value is the result of multiplying the price difference at the breeder and consumer or retail level by the number of products marketed with the following formula:

$$M = Pr - Pf$$

Description:

M = Marketing margin (Rp/Kg)

Pr = Price at the consumer level (Rp / Kg)

Pf = farm gate price (Rp/Kg)

2.3.3 Farmer's Share Analysis

According to [2], to find the price share received by producers, the formula can be used :

$$Spf = \frac{Pf}{Pr} \; x \; 100 \; \%$$

Description:

Spf : Farmer`s Share (%)

Pf : Price at Farmer level (Rp/Kg)

Pr : Price at consumer level (Rp/Kg)

2.3.4 Marketing Efficiency

Marketing channel efficiency indicators are measured, among others, by calculating marketing margins and farmer's share obtained in each marketing channel that occurs. To calculate the marketing efficiency in the research location can be calculated as follows :

$$Efficiency = \frac{Marketing\ Costs}{Final\ Product\ Value} \; x \; 100\%$$

Description:

If the EP value > 1 means inefficient

If the EP value < 1 means efficient

3   Result and Discussion

3.1   Partnership System

In the case of PT Lembu Andalas Langkat there are 2 partnership patterns as follows :

1. Partnership with livestock groups

By way of lending livestock in the amount that has been determined, then fattened cattle with a schedule that has been agreed at the beginning of the MOU, then PT Lembu Andalas Langkat

bought it at a price that has been determined at the beginning as well. Then also do not forget the regulations on "Regulations Minister Of Agriculture Of The Republic Of Indonesia Number 13/Permentan/Pk.240/5/2017 Concerning Livestock Business Partnerships".

2. Private partnership

Buying seeds and concentrates to PT Lembu Andalas Langkat with an agreed amount usually ranging from 100-400 heads then the private partnership gets a visit and advice from PT Lembu Andalas Langkat to get a better way of raising.

3.2   Characteristics of Marketing Institutions

Marketing institutions involved in marketing beef cattle PT Lembu Andalas Langkat is 1 marketing and Animal Welfare Officer (AWO), 1 supervisor of the Slaughterhouse (RPH), 3 big agents and 5 traders in the market. Characteristics of marketing agency respondents based on age, latest education level, length of trading and in Table 1.

Table 1. Characteristics of Intitution at PT. Lembu Andalas Langkat

No	Characteristics of Intitution	Total Respondents	
		People	(%)
a	Age		
	(a) 26-39 years	6	60%
	(b) 40-48 years	3	30%
	(c) 49-55 years	1	10%
b	Last Education		
	(a) Elementary school graduate/equivalent	1	10%
	(b) Graduated from high school/equivalent	7	70%
	(c) University graduate	2	20%
c	Gender		
	(a) male	10	100%
	(b) female	-	-

Source: Survey Results Data Processed (2022)

From Table 1 it can be seen that respondents aged 15-60 years or overall are in productive age. This shows that workers at PT. Lembu Andalas Langkat are in optimal condition in creating high productivity. In accordance with what]2] suggests that the age of 15-60 years has high creativity, knowledge and insight. Based on these data it can be concluded that the workforce at PT. Lembu Andalas Langkat is categorized as sufficient. This is shown based on the dominant high school table, namely as many as 7 people. This is also in line with the study of [3] who found the

influence of education level on labor productivity. Education provides knowledge for job completion.

3.3   Marketing Institutions

Marketing is one of the main activities carried out by breeders and marketing institutions in order to get the maximum profit in marketing a commodity or a particular product [4]. Based on the results of the research on the beef marketing flow of PT Lembu Andalas Langkat there are two (2) marketing institutions that play a role in marketing, namely the Big Agent who acts as the first buyer in the form of live cattle and small agents who buy beef in the form of carcasses to big agents. The big traders involved in the marketing flow of PT Lembu Andalas Langkat amounted to 3 big agents where big agents buy beef from PT Lembu Andalas Langkat in the form of live weight.

3.4   Marketing Functions

Each marketing agency has a different role and function in the process of distributing beef PT. Lembu Andalas Langkat to get into the hands of consumers. The marketing functions performed by the marketing agencies involved consist of exchange functions, physical functions, and facilities. facilities.

1. PT. Lembu Andalas Langkat

The exchange function performed by PT Lembu Andalas Langkat is the result of selling cattle to big agents or farmer groups. PT Lembu Andalas generally waits for agents to order cattle for slaughter at the slaughterhouse. slaughtered at the slaughterhouse.

The physical function carried out by PT Lembu Andalas is the maintenance of the cattle that are stabled.

The facility functions performed by PT Lembu Andalas are the risk of death of unsold cattle during the maintenance period.

2. Big agent

The exchange function performed by big agents is purchase and sale. The purchase of cattle is done through marketing intermediaries. This is supported by the statement of [5] that marketing institutions will buy products from farmers, then resell them in the market. Big agents buy cattle in cash and bank transfers. This is in accordance with [6] statement that the sales function is the transfer or transfer of goods or services from the seller to the buyer.

The physical functions performed by the wholesaler are transportation and slaughtering at the abattoir. Transportation of cattle is carried out by big agents starting from PT Lembu Andalas Langkat to the slaughterhouse by transporting with a pick-up car. This is in accordance with [7] statement that there are marketing institutions that carry out transportation.

The facility function performed by big agents is slaughtering at the slaughterhouse.

3. Merchants

The exchange functions performed by traders are buying and selling. Purchases made by traders are buying cattle in the form of meat cuts from big agents. Sales made by traders are selling cattle in the form of carcass pieces as well. Traders sell cattle carcasses in the wet market from morning to noon.

The physical functions performed by retailers are transportation and storage. and storage. Transportation of sheep by retailers from the slaughterhouse to the traditional market. traditional market. Storage of beef carcass cuts is done when There are leftover pieces of beef that are not sold.

Facility functions performed by traders include financing and market information. market information. Financing done by retailers are financing for transportation, electricity, workers, and market levies.

3.5   Marketing Channels

Marketing channels show how the flow of commodities flows from the hands of producers (PT. Lembu Andalas) to the consumer. Based on the coverage area, the distribution of beef cattle (PT. Lembu Andalas) includes Slaughterhouse (RPH). Big agents then traders in the market and then consumers as the last channel. Based on the results obtained from this study, PT. Lembu Andalas Langkat has two marketing channels. Channel marketing channels as shown below.
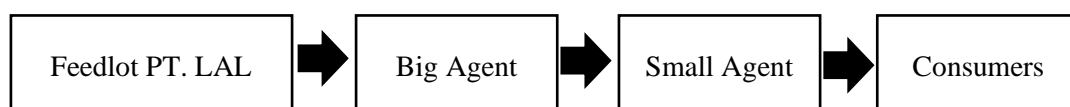
Marketing Channel 1

Figure 1. Scheme of Marketing Channel 1

Marketing channel I involves 3 marketing institutions, namely big agents, small agents and consumers. Big agents buy livestock and slaughter them at slaughterhouses (RPH) and then small agents buy in relatively smaller quantities compared to big agents. This is supported by [8] whom states that retailers buy from collecting traders and then sell directly to end consumers.
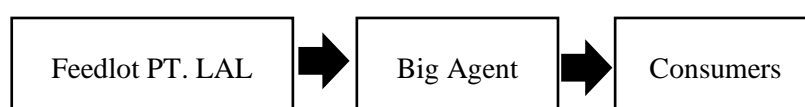
Marketing Channel 2

Figure 2. Scheme of Marketing Channel II

Marketing channel II, namely big agents and consumers. This statement is supported by [9] stated that the marketing channel involved three groups, namely: producers, intermediary traders and consumers. Big agents buy live cattle from PT Lembu Andalas Langkat and then slaughter them at the slaughterhouse. Big agents sell their meat directly to consumers because big agents make the most profit possible because they alone determine the sales price. The respondents found from the results of the study found 3 big agents.

3.6   Marketing Margins

Table 2. Beef Marketing Margin at PT Lembu Andalas Langkat

Marketing Channel	Purchase price (Rp / head)	Selling price (Rp/ head)	Marketing margin (Rp/ head)
I	25.988.333	29.802.292	3.813.959
II	27.965.000	31.686.667	3.721.667

Source: Survey Results Data Processed (2022)

The marketing margin in marketing channel I is higher than marketing channel II. This is in accordance with the statement of [10] which states that the longer the marketing channel, the greater the margin. Therefore, the price at the consumer level will be more expensive if the marketing channel is longer. The marketing margin value in channel I is Rp.- 3,813,959.

3.7   Farmer's Share

Table 3. Farmer's share of beef at PT. Lembu Andalas Langkat

Marketing Channel	Purchase price (Rp / head)	Selling price (Rp/ head)	Farmer's Share (%)
I	25.988.333	29.802.292	87,20
II	27.965.000	31.686.667	86,36

Source: Survey Results Data Processed (2022)

Based on Table 3, it can be seen that the percentage of the price received by farmer's share agents in channel I is 87.20%. This is because big agents indirectly market their beef to consumers. In channel II, the farmer's share percentage is 86.36%. This is because big agents sell beef directly to the table/consumers. From the data above, it can be concluded that the farmer's share received by PT Lembu Andalas Langkat is above >50% and relatively high, this is in accordance with the opinion of [11] which states that the size of the farmer's share is influenced by the length of the short marketing channel.

3.8   Marketing Costs

Table 4. Beef Marketing Costs at PT. Lembu Andalas Langkat

Variety of day/head fees	Big Agents	Merchants
Abattoir costs	73.333	-
Worker wages	175.000	-
Transportation cost	58.333	-
Market levy	-	4.200
Market electricity	-	5.266
Market workers	-	126.000

Parking tax		-	70.000
Total		306.666	255.466

Source: Survey Results Data Processed (2022)

The cost components incurred by slaughterhouses are transportation costs, slaughterhouse retribution, and labor costs. The marketing cost components incurred by retailers are transportation costs, labor costs, market levies, parking fees and others.

3.9   Marketing Efficiency

Table 5. Beef Marketing Efficiency at PT Lembu Andalas Langkat

Marketing Channel	Cost/tail/day	Selling point/ tail	Efficiency Value
I	255.466	29.802.292	0,85
II	306.666	31.686.667	0,96

Source: Survey Results Data Processed (2022)

Based on Table 5 above with the efficiency value of channel I which is 0.85 and in channel II the efficiency value is 0.96. This is in accordance with the formula of [12] marketing system can be said to be efficient if the marketing efficiency value is < 1, by looking at the results of the analysis in the table above, that the efficiency value of all marketing institutions involved in beef marketing activities is < 1 which means efficient.

4   Conclusion

The marketing institutions involved in beef marketing of PT Lembu Andalas Langkat are big agents who perform slaughtering in slaughterhouses and traders. These marketing institutions form two marketing channels, namely the first channel: feedlot - big agent - consumer and feedlot - big agent - trader - consumer. The smallest marketing margin obtained by channel II is Rp. 3,721,667, in terms of farmer's share, channel II occupies the highest value of 88.25%, and seen from the marketing efficiency that each marketing channel is efficient with a value < 1.

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