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Porang's Marketing Margin in the Agroforestry Program in Ngawi District, East Java

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A B S T R A C T

Porang is a plant widely developed under forest stands and on community land with an agroforestry pattern that lives around the forest. However, the community has yet to exploit porang as a business unit to meet food needs but only used it to fulfill daily needs. The research aims to analyze marketing margins and people's profit margins. Data was collected through field observations and interviews with 100 respondents, who were determined by purposive sampling. First, a descriptive analysis was carried out to describe the marketing channel of Porang, and then a study of marketing margins and profit margins was carried out. Based on data analysis, there are two marketing channels for porang: channel one, where farmers sell porang directly to consumers, and channel 2, where the marketing of porang is through intermediary traders. The first channel has no marketing margin and profit margin value minimum of IDR 1,200 and maksimum IDR OF 1,800, while in channel 2, porang marketing has a marketing margin maksimum value of IDR 6,500 and a profit margin minimum of IDR 4,500

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INTRODUCTION

The potential in forest areas is enormous to be managed. At present, forests still have resources that humans can utilize, both forest products in the form of wood and non-timber forest products. Based on the economic value in Indonesia, forest products in the form of wood in forest ecosystems are estimated only to be around 60%, while non-timber forest products account for 40% of the total economic value of forest ecosystems, but they have not been optimally managed and utilized to improve people's welfare (Permenhut, 2009). Developing the utilization of non-timber forest products in the advanced management of businesses in the community requires relatively little business capital. It can use simple processing tools compared to business capital in the form of wood and more modern processing tools, thus enabling the wider community to develop business results. non-timber forest (Williamson, 1989). The non-timber forest products carried out by communities around the forest include resin, pine, aloes, sago, rattan, sugar palm, breadfruit, bamboo, natural silk, porang, eucalyptus, various medicinal plants, and honey (D'Hondt, 2008). In general, the participation of fruit and vegetable farmers is involved from planning to evaluation, but at a low level (Anang et,al 2021), Food fulfillment by the community by participating in planting porang plants is widely used for the flour industry and enjoyed by the community as a source of income. Indonesia itself is a country that produces porang with relatively good quality.

One of the best local porang in Indonesia is a porang from Ngawi. the agroforestry system gave the best yields of albizia plant growth as achieved in the intensive monoculture pattern (Anang et,al 2023). The advantages of the Ngawi porang over those from other regions are that it has a low acid content, an ideal weight, and a color that tends to be brown. The white color of porang flour is also a characteristic of this porang for culinary lovers. The advantages of the Ngawi porang are inseparable from the planting system, picking porang seeds, and making porang until it becomes good porang flour. People who live in Ngawi Regency, East Java, use porang as an additional source of income. However, the people in Ngawi' are not all interested in utilizing this type of porang plant. Some grow other intercrops, such as corn and cassava, as additional income than porang. On the other hand, several communities in this sub-district manage porang for economic cultivation to meet public consumption, even trade. Based on this, research on the analysis of porang marketing margins was carried out to determine the marketing channels of porang and the differences in prices and profits obtained by porang marketers. This study aims to analyze marketing channels, margins, and profit margins for people.

METHODS

The research was carried out from November 2020 to January 2021located in Ngawi Regency, East Java, Padas' Districtat an altitude of 933 m asl and has a sloped area of 8-15, 15-25, 25-40 Ngawi Regency is located in the western region of East Java Province which is directly adjacent to Central Java Province. The total area of Ngawi Regency is 1,298.58 km2, of which around 40 percent or around 506.6 km2 is paddy fields. Geographically, Ngawi Regency is located at 7°21'-7°31' South Latitude and 110°10'-111°40' East Longitude. The climate in Ngawi Regency is tropical. The air temperature in the Ngawi Regency area varies as a result of the elevation level of the land, but in general the air temperature in the Ngawi Regency area ranges from 20°–34°C with a relative humidity level ranging from 68–85%. . The area of Ngawi Regency has a tropical monsoon climate, with monthly rainfall of more than 280 mm per month. Rainfall in the Ngawi Regency area ranges from 1,500–2,000 mm per year with the number of rainy days ranging from 90–140 rainy days per year.. The research was conducted by conducting interviews based on the questions or questionnaires prepared for the respondents, a sample
of as many as 100 people. The model was determined by purposive sampling, with the criteria of farmersporang who sell crops, as well as porang marketing agencies in Ngawi East Java

The data collected in this research are primary data and secondary data. Data preliminary data is collected through observation, observing, and tracing directly to each marketer and through interviews conducted with respondents, namely all porang marketers in Ngawi Regency, and know the costs incurred to market the product. While secondary data obtained from the study References. Descriptive analysis was carried out at the research location to describe the research location and marketing channel of porang, and marketing margin analysis is the difference between the price received by the farmer and the price at the level of the marketing agency the farmer is targeting to analyze the marketing margin at the farmer level and the final level of marketers, a formula is used (Crammer, et,al, 1994):

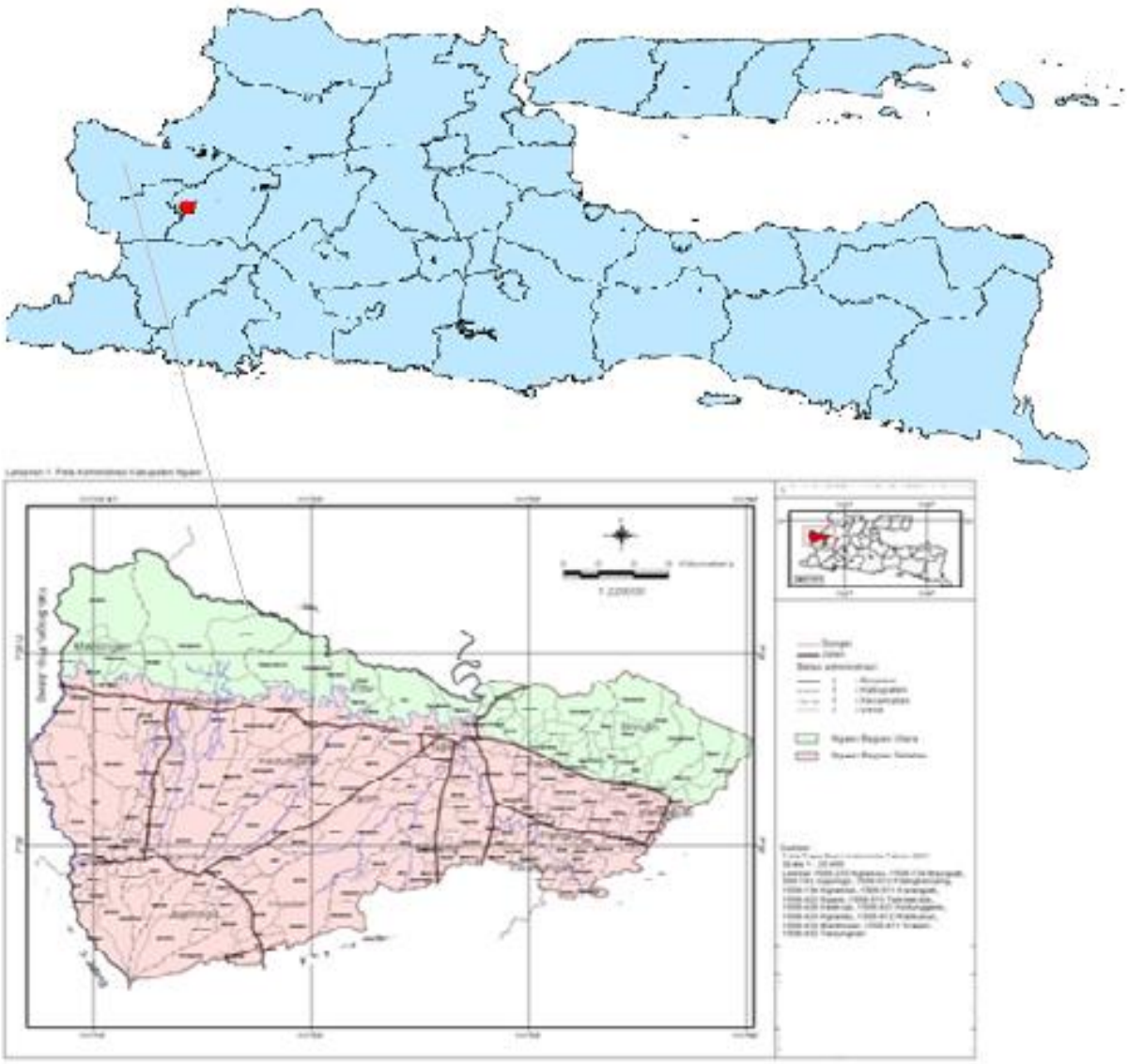


Figure 1. Research Location

Profit Margin Analysis
To find out the profit margins obtained in the marketing process, then the formula is used (Neuman, 2003)
M = Pr-Pf
Information:
M = Marketing Margin (IDR/Kg)
Pr = Price at marketing agency level (IDR /Kg)
Pf = Price at producer level (IDR /Kg)
M = Pr-Pf
Ki = Mi-Bi
Information:
Ki = Profit Margin of marketing level i-level institution (IDR /kg)
Mi = Marketing margin of the i-level institution (IDR/kg)
Bp = Costs incurred by the i-level institution (IDR /kg)

RESULTS AND DISCUSSION

Cost, Margin, And Profit Margin

The income farmers receive with the difference in selling prices at the marketing agency level is the marketing margin agreed in the trade rules. Determining marketing margins for each marketing channel is based on each marketing agency's selling price and purchase price. Marketing channels strongly influence marketing margins. The longer the product marketing channels, the higher the total value of marketing margins (Neuman, 2003).

Marketing channel

A marketing channel delivers products to consumers through marketing institutions, either through collectors, prominent collectors, and exporters or direct marketing (Dahland,et,al,1977). The marketing of forestry products, maximum community participation is need (Indah et,al 2022) especially porang plants, is still rare, and the flour used by the community is still expensive, especially bread and rice culinary. Porang marketing isIt depends on the type of production and age harvesting, usually through intermediaries or directly marketed to consumers (anang et,al 2021). Based on the results of the research that has been done, there are two marketing channels for porang in Ngawi Regency, namely, channel 1, where farmers directly market to final consumers, and channel two, where farmers sell to village collectors and then to district collectors. Complete details can be seen in the following description:

1. Channel 1

Channel 1 of porang marketing, namely farmers selling porang seeds directly in kilograms to consumers. Consumers are neighbors of farmers who have subscribed for a long time. In the marketing process, consumers come now to the farmer's house. The price received by consumers is lower than when consumers buy porang seeds at retailers. However, the people in the research location preferred porang, which had been processed into porang chips, so most farmers sold porang products to collectors, which resulted in channel one marketing of porang being rarely found at the study site. Channel 1 in the marketing process does not involve intermediaries. According to Baye (2010), the shortest channel is the most direct channel for distributing consumer goods without going through or involving intermediaries. The porang seeds sold by farmers go through a processing process. First that is, farmers only take brown porang. The porang fruit that has been taken is directly made into chips using a simple tool, namely pasha porang, which still uses human power, then immediately dried in the sun for 5-7 days or depending on the weather, after drying the porang chips are produced dry

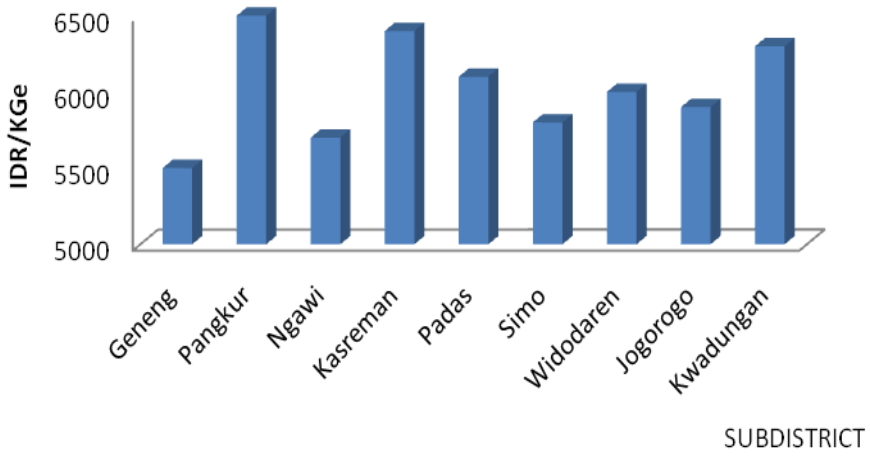


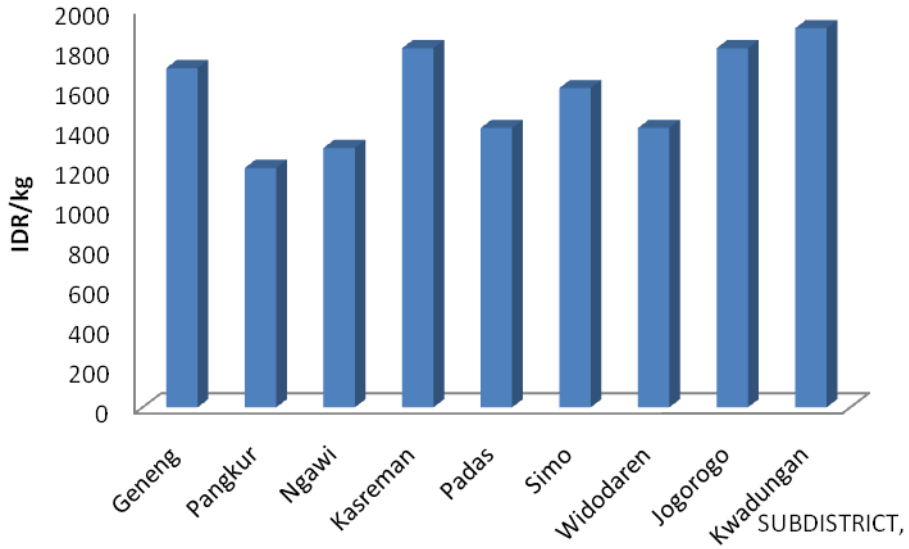
Figure 2. Direct Marketing Results to Consumers

Figure 2 shows the selling price of porang at the farmer level for each respondent in each district, which is the average selling price for the 100 respondents involved in the process. porang marketing on channel 1. The margin value on channel 1 is Rp. 0, so there is no profit margin value because it is a direct channel that does not use intermediaries in the marketing process. Channel one experienced losses. This was because, at the research location, the farmers did not take into account labor costs because the labor used was family members, as well as the fertilizer used was manure from livestock manure which was raised by farmers, as well as porang puppies, which were tillers which is in the location of the garden used so they do not count it as a cost that must be incurred. Therefore, the farmers at the research sites always feel profitable because they do not consider labor, fertilizer, and porang sapling costs. Even if farmers can calculate all fees incurred during porang production activities, farmers will get a small profit.

Channel 2 marketing of porang farmers sells porang in chips or small slices per kilo to village collectors. The porang chips have gone through a processing process. Namely, farmers harvest porang that are ready for harvest and then directly make chips using large-sized porang pashas. The porang is chopped until it forms flakes and then dried in the sun for 5-7 days or, depending on the weather, after drying, it is then sorted and dried again for 1-2 days. Farmers will usually sell dry porang chips to collectors. After processing the porang tubers into porang chips/chops, the farmers will contact the collectors to transport the porang tubers to the farmer's house. Collector traders are customers of farmers.

Furthermore, the collecting traders will dry the porang chips because several farmers sell porang chips which are still moist. After going through the drying process, the porang chips are packed in sacks to be sold immediately to avoid damage due to storage. Collector traders sell dry porang chips to wholesalers while selling them to factories and exporters. The marketing process on channel 2, according to Stanton, William (1997.) a marketing channel that uses many intermediaries is called a multi-level marketing channel. The

intermediaries involved are usually structured collectors, wholesalers, and retailers. Channel 2 of porang marketing is more common in research locations. This happens because the collector traders will buy as many people as the farmers provide compared to the final consumers who decide for themselves the number of people bought from farmers, According to Indah (2022) opinion of farmers from social, economic and cultural aspects, agroforestry systems are superior to intensive monoculture patterns because they can absorb more labor and increase the income of local people. Farmers involved in the marketing process of channel two porang are usually also involved in marketing channel 1.



Fiqure 3. The Marketing Price Results Through a Process at The Merchant Level

Figure 3. shows the average selling price of porang at the farm level in channel 2. Labor costs incurred for land processing labor, planting labor costs, porang labor costs, porang harvesting labor costs, and porang processing labor costs which consist of removing porang skin and drying it and the cost of using fertilizer in a year, so that the total expenses incurred in a year to be able to produce porang per kg include costs incurred by village collectors, namely labor costs in the drying process, packaging costs, costs transporting porang from the farmer's house and transporting it to the market to sell porang seeds to collectors outside the sub-district. Farmers sell porang to collectors in the sub-district. Porang farmers will be more profitable if they sell directly porang to collectors outside the sub-district, but porang farmers own it obstacles are now reaching out to traders outside the sub-district, such as the amount the cost of transportation to collectors outside the sub-district is higher than that the volume of porang to be sold by farmers.

CONCLUSIONS .

There are marketing channels for porang in Ngawi Regency, East Java channels. Channel 1, that is, farmers sell their crops directly to consumers has a minimum profit margin value of IDR 1,200 and a maximum of IDR 1,800. While channel 2, namely farmers selling porang to village collectors for then sold to collectors outside the district, so the margin value channel 2, namely the minimum profit margin value of IDR 5,500/kg and the maximum profit margin of IDR 6,500/kg

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