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Channel and Marketing Efficiency Analysis of Shallot in East Lombok Regency

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ABSTRACT

Shallot is one of the most consumed horticultural products by the public. Shallot consumption continues to increase, so marketing factors must be a priority to pay attention to so that these products can reach consumers. The purpose of this study was to analyze the channels, functions, margins, and marketing efficiency of shallots in the Sembalun District, East Lombok Regency. This study uses a qualitative and quantitative research method (*Mixed method*). Data were collected by conducting a questionnaire survey of 30 respondents determined by *quota sampling* and marketing agency respondents determined by *snowball sampling* and data analysis conducted descriptively. From the results of the analysis, it was found that there were 3 marketing channels for shallots in East Lombok Regency. Marketing functions carried out by shallot marketing actors or agencies include all marketing functions except processing and standardization functions. The shallot marketing margin in channel 1 is IDR 3,200 per kilogram, lower than the marketing margin in channel 2, which is IDR 6,000 per kilogram, and channel 3, which is IDR 8,000 per kilogram. Marketing of shallots in East Lombok Regency is classified as efficient because *the value of farmer participation* in the three marketing channels is > 50%

INTRODUCTION

Horticulture is an important and strategic agricultural subsector to develop. This cannot be separated from the contribution of horticulture in improving the economy through the increase in GDP, the creation of jobs, the supply of food raw materials, cosmetics, health products, and product trade (Kuntari & Rasid, 2021). One of the horticultural products that have economic value and market opportunities and great commercial prospects are shallots (Syawal et al., 2019). Shallots are also staples that are often used as a source of income for farmers and contribute to improving the economy (Ali et al., 2015). Shallots are often used as a raw material and seasoning for cooking (Mutiarasari et al., 2019), as well as as a traditional medicine mixed with herbal ingredients (Swastika, 2014; Kuswardhani, 2016). Shallots have a fairly high nutritional content (Director General of Horticulture, 2021). According to Aryanta (2019), shallots contain nutrients and chemical compounds that work as medicine, so they are very good for the body in preventing various diseases such as colds, coughs, stomach aches, heart disease, diabetes, and others. Furthermore, shallots can also produce auxin which acts as a plant growth regulator (Lawalata, 2011). Where from the findings of Pamungkas and Puspitasari, (2018), shallot extract has a real effect on increasing the height and length of sugarcane roots.

The high nutritional content and benefits of shallots have caused the consumption of shallots in Indonesia to keep increasing every year with a growth rate of 1.18 percent (Ministry of Agriculture, 2015) with a consumption rate of shallots of 27.72 kg/capita/year (BPS, 2019). The high level of consumption of shallots by the public means that shallots must remain a government priority in agricultural sector development programs and policies (Nursan & Septiadi, 2020).

The government has designated West Nusa Tenggara Province (NTB) as one of the shallot development centers in Indonesia with a total production of 188,740.4 tonnes with a shallot harvest area of 17,570 hectares (BPS, 2020). Where all NTB

districts and cities were used as shallot development areas, especially the East Lombok Regency area with a quite high shallot production of 14,466.6 tons in harvested area of 2,039 ha (West Nusa Tenggara Province BPS, 2022). Looking at the data on shallot production and harvested area, it can be seen that the productivity of shallots in East Lombok Regency is 7.10 tonnes per hectare. The productivity of shallots in East Lombok Regency is still it is relatively low compared to the productivity of shallots in other areas such as South Lampung District, which has reached 13.75 tonnes per hectare (Tristyia et al., 2018), especially when compared to the productivity of Japanese shallots, Iraqis and Chinese, which reached 22.28 tons per hectare, 26.36 tons per hectare and 38.43 tons per hectare (Astuti et al. al., 2020). Therefore, to meet the growing demand for the shallot market, the increase in shallot production should continue.

Efforts to increase production can be done by increasing the productivity and efficiency of agriculture. According to Mayashinta & Firdaus (2013), with the efficient use of inputs, production will increase optimally. In addition to production factors, marketing factors are no less important to consider in agriculture because they are very closely related to how the shallot product can be accepted and satisfied by consumers. In addition to paying attention to the price factor when deciding to buy shallots, consumers also pay attention to marketing aspects such as the distribution of shallots to consumers (Rusae et al., 2021).

Analysis of the marketing aspects of both channels, margin functions, and marketing efficiency will help increase farm efficiency, marketing systems, and efficiency which can then prosper farmers and marketers (Najir, 2019). See the importance of the marketing aspect in the cultivation of shallots as an indicator to determine the well-being of farmers. Therefore, it is important to do some research related to the marketing aspects. Therefore, the purpose of this study was to analyze the channels, functions, margins, and marketing efficiency of shallots in the Sembalun district, East Lombok Regency.

METHODS

This research was carried out in the Sembalun district, East Lombok Regency, which was selected through purposive sampling to be considered as a core area for shallot development in East Lombok Regency. The research method uses descriptive methods with data collection techniques through surveys (Sugiyono, 2014; Natzir, 2014; Surakhmad, 2016). The research respondents consisted of 30 individuals who were selected by *quota sampling* for survey farmers and by *snowball sampling* for shallot marketing agency respondents. The research data is *cross-sectional data* which is then descriptively analyzed to determine marketing channels and functions while marketing margins and efficiency are obtained from the following mathematical calculation results.

1. Marketing Margin Analysis

$$MP = Pj - Pb$$

Information

MP = Marketing margin (Rp/kg)

Pj = Sale price in the institution marketing i (Rp/kg)

Hb = Purchase price at the institution marketing i (Rp/kg)

2. Marketing Efficiency Analysis

$$Fs = Pf/Pk \times 100\%$$

Information:

Fs = Farmer share (%)

Pf = Sale price at farmer level of channel i (Rp/kg)

Pk = Sale price at the consumer level of channel i (Rp/kg)

RESULTS AND DISCUSSION

Shallot Marketing Channel

Shallot marketing in East Lombok Regency based on the results of this study consisted of various marketing actors ie farmers, village-level collectors, district-level collectors, wholesalers, and retailers. These marketing actors form 3 shallot marketing channels where channel 1 includes farmers, village-level collectors, retailers, and consumers, channel 2 namely farmers, village-level collectors, district-level collectors, retailers, consumers, and channel 3, namely farmers, village-level collectors, wholesalers - retailers - consumers. The number of marketing channels for shallots in this study is the same as the number of marketing channels in the research by Olabu et al., (2022) and Saragih et al., (2022) where there are 3 marketing channels for shallots. However, it is different from the research (Ali et al., 2015) where there are 2 marketing channels for shallots, and the research by Marbun et al., (2018) where there are 4 marketing channels for shallots.

The total production of shallots in East Lombok Regency is 73,000 kilograms which are traded in each of the shallot marketing channels, i.e. 13,870 kilograms or 19% in channel 1, rising to 21,170 kilograms or 29% in channel 2 and channel 3 of 37,960 kilograms or 52%. This means that 52% of the shallots are traded outside the district, i.e. in the Mataram city markets, while 48% of the shallots are still traded in the East Lombok district markets.

Shallot Marketing Functions

The marketing of shallots in East Lombok Regency cannot be separated from the marketing functions carried out by the actors involved in the marketing of shallots, starting with farmers, village-level collectors, district-level collectors, wholesalers, and retailers. The shallot marketing functions in East Lombok Regency can be seen in Table 1 below.

Table 1. Results of Analysis of Shallot Marketing Functions in East Lombok Regency in 2021

No	Description	marketers				
		Farmer	collector	dealers	wholesalers	Retailer
1.	Swap function					
	a. Buys	-	√		√	√
	b. Sale	√	√		√	√
2.	Physical function					
	a. Storage	√	√		√	√
	b. transport	√	√		√	√
	C. Processing	-	-		-	-
3.	Support function					
	a. Classification	√	√		√	√
	b. Standardization	-	-		-	-
	C. Financing	-	√		√	-
	d. Take a risk	√	√		√	√
	e. Market information	-		√	√	

Based on the results of the analysis in Table 1 above, it is found that the exchange function performed by farmers is only a sales function, while other actors or marketing institutions perform the buying and selling functions. The physical functions performed by all marketing actors or institutions include storage and transportation functions, while the processing function is not carried out because the shallots being sold are fresh shallots. So, for the facility function, all the marketing actors or agencies perform the risk classification and management function.

The function of financing and market information is only carried out by collectors and wholesalers. Meanwhile, the standardization function is not carried out by all the actors or marketing agencies because it does not affect the sale price of the shallots. The shallots that are sold are still mixed in both size and color.

Shallot Marketing Margin

The shallot marketing margin in this study is the result of the difference between the sale price and the purchase price for each actor or marketing agency. So, the size of the marketing margin is determined by the price factor. The results of shallot marketing margins in East Lombok Regency can be seen in Table 2 below.

Table 2. Marketing Margins for Each Actor and Marketing Channel for Shallots in East Lombok Regency in 2021

Marketing channels/actors	Purchase price (Rp/kg)	Sale price (Rp/kg)	Cost (Rp/kg)	Revenue (Rp/kg)	Margins (Rp/kg)
channel 1			1,800	1,400	3,200
P. Collector	Village 20,000	22,000	800	400	1200
Retailer	21,000	24,000	1,000	1,000	2,000
Channel 2			2,650	3,350	6,000
P. Collector	Village 20,000	22,500	1,250	1,250	2,500
P. Collectors	District 22,500	24,000	400	1,100	1,500
Retailer	24,000	26,000	1,000	1,000	2,000
channel 3			4,350	3,650	8,000
P. Collector	Village 20,000	22,500	1,250	1,250	2,500
wholesalers	22,500	25,500	1,850	1,150	3,000
Retailer	25,500	28,000	1,250	1,250	2,500

Source: Processed Primary Data (2021)

The results of the analysis in Table 2 show that the marketing margin of shallots in channel 3 is IDR 3,200 per kilogram, where village-level collector traders get a margin of IDR 1,200 per kilogram and retailers IDR 2,000 per kilogram. The marketing margin on channel 2 is IDR 6,000 per kilogram, where village-level collectors get a marketing margin of IDR 2,500 per kilogram, sub-district-level collectors get IDR 1,500 per kilogram, and retailers IDR 2,000 per kilogram. The marketing margin of shallot in channel 3 is IDR 8,000 per kilogram, while the marketing margin received by collectors at the village level is IDR 2,500 per kilogram, wholesalers are IDR 3,000 per kilogram, and retailers are IDR 3,000 per kilogram. 2500 IDR per kilogram.

The marketing margin of shallot in channel 1 is IDR 3,200/kg which is the lowest marketing margin compared to the marketing margin in channel 2 which is IDR 6,000/kg and in channel 3 which It is 8000 IDR per kilogram. An efficient marketing channel is a marketing channel that has the smallest marketing margin, where in this case marketing channel 1 is more efficient than marketing channels 2 and marketing channels 3.

Shallots Marketing Efficiency

farmer share analysis, i.e. what is the percentage difference in farmer-level prices of shallots and consumer-level prices In detail, the marketing efficiency of shallots in East Lombok Regency is presented in Table 3 below.

Table 3. Efficiency in Marketing Shallots in East Lombok Regency in 2021

Description	Farmer selling price (Rp/kg)	The purchase price at the consumer level (Rp/kg)	Farmer share (%)	Information
channel 1	20,000	24,000	83.33	Efficient
Channel 2	20,000	26,000	76.92	Efficient
channel 3	20,000	28,000	71.43	Efficient

The results of the shallot marketing efficiency analysis in Table 3 show that the three shallot marketing channels are classified as efficient because the value of farmer participation is > 50 %, namely 83.33 % in the market. channel 1, marketing channel 2 is 76.92% and marketing channel 3 is 71.43%. Of the three channels, marketing channel 1 for shallots in East Lombok Regency is more efficient than marketing channel 2 and marketing channel 3. The results of this study are the same as those of Saragih et al., (2022) who found that the three marketing channels for shallots were classified as efficient.

CONCLUSION

The conclusions that can be drawn from this investigation are the following:

1. Shallot marketing in East Lombok Regency consists of 3 marketing channels, namely channel 1 (farmers - village level collectors - retailers - consumers), and channel 2 (farmers - village level collectors - village level collectors). district - retailers - consumers) and channels 3 (farmers - village level collectors - retailers - consumers) - village level collectors - wholesalers - retailers - consumers).
2. Marketing functions carried out by shallot marketing actors or institutions, namely farmers (sale, transport, and risk-taking functions), collector-traders at the village level, sub-district level, and big swords (all marketing functions except standardization, and processing), retail (buying, selling, transportation, storage, sorting, and risk-taking function).

3. The Channel 1 marketing margin of IDR 3,200 per kilogram is the marketing margin with the lowest amount compared to the Channel 2 marketing margin of IDR 6,000 per kilogram and Channel 3 of IDR 8,000 per kilogram.
4. The marketing of shallots in East Lombok Regency is classified as efficient because the value of the participation of the farmer in the three marketing channels is > 50%, namely marketing channel 1 at 83.33%, marketing channel 2 at 76.92% and marketing channel 3 of 71.43%.

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