Marketing Channel Analysis of Chicken Eggs in Pannampu Market, Tallo District, Makassar City

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ABSTRACT

In general, this research aims to describe the chicken egg marketing channel which includes marketing margins and marketing efficiency. This type of research is included in descriptive research or categorized in qualitative research methods using survey methods, namely describing, explaining and interpreting a phenomenon that occurs in an object and the data is qualitative, namely data that is described in words or sentences according to categories to obtain a conclusion. Source of data used in this research is primary data. The primary data in this study were obtained directly from interviews with several traders in Pannampu Market. The data analysis technique is qualitative, which is done when data collection takes place. In this study, a data reduction process was carried out through the observation process of the marketing channels for chicken eggs in the pannampu market. Then the data analysis was carried out from the presentation of the data obtained during the data collection process. After the analysis process, a conclusion is obtained regarding marketing channels, marketing margins, and marketing efficiency of chicken eggs in the pannampu market. First, from the results of the analysis of the chicken egg marketing channel in the pannampu market, there are two marketing channels. Marketing channel I has the highest total margin of IDR 32,000. The high margins in this marketing channel are due to the presence of shipping costs. Meanwhile, the marketing channel II is the channel with the lowest total margin, namely IDR 22,000. Based on the high and low marketing margins, marketing channel II is the most efficient marketing channel economically. But both marketing channels are all profitable.

Keywords: *Markets, marketing channels, chicken eggs*

1. INTRODUCTION

According to (Kotler & Keller, 2016) in (Koeswandi & Primaskara, 2020), in marketing, sellers often do not directly sell their merchandise to users but to several intermediaries first, also known as marketing channels, trade channels, or distribution channels. Palmatier et al (2014) state that it is this channel that functions as a gatekeeper between the producer and the last user. Krafft et al (2015) added that the marketing channel is one of the most important elements in the value distribution chain because almost all production will go through it and each intermediary in the marketing channel (distributor, wholesaler, retailer) has different distribution functions such as transportation, storage, sales, finance, and relationship building. The channel to reach this consumer segmentation often consists of two or more channels. Kotler and Keller (2016) state that these channels are also called multichannel marketing where the company is in the middle of a value network, a cooperative system created by the company to obtain, add and convey the value of the products offered.

Marketing channels have a very important role for companies, because many producers do not have sufficient financial capability and expertise to make sufficient direct sales to

consumers. There are several levels in marketing channels and experts have different terminology but still one meaning in describing them. Marketing channels start from zero-level channels or also called direct marketing channels, from producers directly to consumers then every time you go up one level, there will be one more intermediary such as retailers, wholesalers, and jobbers. The same rules also apply to the levels of business to business marketing channels, only with different terminology (Isma et al., 2020; Koeswandi & Primaskara, 2020; Isma, 2020).

One of the main keys to organizing the paths in the marketing channel is the marketing cost. These marketing costs are often measured by marketing margins. Marketing margin is the difference between the selling price by producers and the purchase price by consumers. The amount of marketing margin varies for each marketing institution due to differences in costs incurred by marketing institutions involved in marketing activities. Then, good marketing must be efficient. Marketing efficiency can be achieved if the marketing carried out meets two main requirements, namely being able to deliver products from producers to consumers at the lowest cost and being able to make a fair distribution to all parties involved in the production to marketing process. To increase marketing efficiency can be done by increasing marketing output and reducing production costs. Marketing efficiency can be known by looking at the length of the marketing channel.

Eggs are a livestock product that contributes greatly to the achievement of adequate community nutrition. Eggs are one of the commodities that contribute to the nutritional needs of the community derived from animal protein in addition to meat. Currently, various forms of business continue to be developed in the field of chicken agribusiness to meet market needs. This is also inseparable from the increasingly complex and diverse demands and desires of consumers. Eggs are one of the main and cheap human needs that are useful for fulfilling protein in the human body. Protein is one of the food substances needed by humans in order to grow and stay healthy. The functions of protein include making and repairing damaged body cells. Thus, the availability of protein in the diet is not only needed by children who are still growing, but also by adults (Is, 2019).

The market is a meeting place between sellers and buyers. In economics, the definition of a market is broader than just a meeting place between sellers and buyers to conduct buying and selling transactions of goods/services. The market includes all demand and supply, all contacts or interactions between sellers and buyers to exchange goods and services (Yovita & Department, 2014). Pannampu Market is one of the traditional markets in Makassar City. Some traders in Pannampu market, especially those selling chicken eggs, get their eggs from Sidenreng Rappang Regency (Sidrap). In general, this study aims to describe the marketing channel of chicken eggs in Pannampu market which includes marketing margin and marketing efficiency.

2. METHOD
Type of Research
This type of research is included in descriptive research or categorized in qualitative research methods using survey methods, namely describing, explaining and interpreting a phenomenon that occurs in an object and the data is qualitative, namely data described in words or sentences according to categories to obtain a conclusion.

Time and Place of Research
This research activity was carried out on November 12, 2022 and December 2, 2022. The research location is on Panampu Street, Tallo District, Makassar City. In this study the authors collected the necessary data by making direct observations on the object of research, both through observation and interviews.

Data Collection Method

The process of collecting data needed in this discussion through two stages of research, namely field research and library research. Field research is the process of collecting the necessary data by making direct observations on the object of research, both through observation and interviews. Meanwhile, library research is the process of collecting materials related to research from scientific journals, literature and other publications that are worthy of being used as sources.

Data Sources

The data source used in this research is primary data. Primary data is data obtained directly from the source of the data observed and recorded for the first time. Primary data in this study were obtained directly from interviews with several traders in Pannampu Market.

Data Analysis Technique

In a qualitative way, which is done during data collection. In this study, the data reduction process was carried out through the observation process of the chicken egg marketing channel in the Pannampu market. Then data analysis was carried out from the presentation of data obtained during the data collection process. After the analysis process, a conclusion was drawn about the marketing channel, marketing margin, and marketing efficiency of chicken eggs in the Pannampu market.

3. RESULTS AND DISCUSSION

3.1. Research Results

3.1.1. Marketing Channel Analysis

Based on the results of research at Pannampu Market, Tallo District, Makassar City, there are two (2) marketing channels for chicken eggs which can be seen in the following figure:
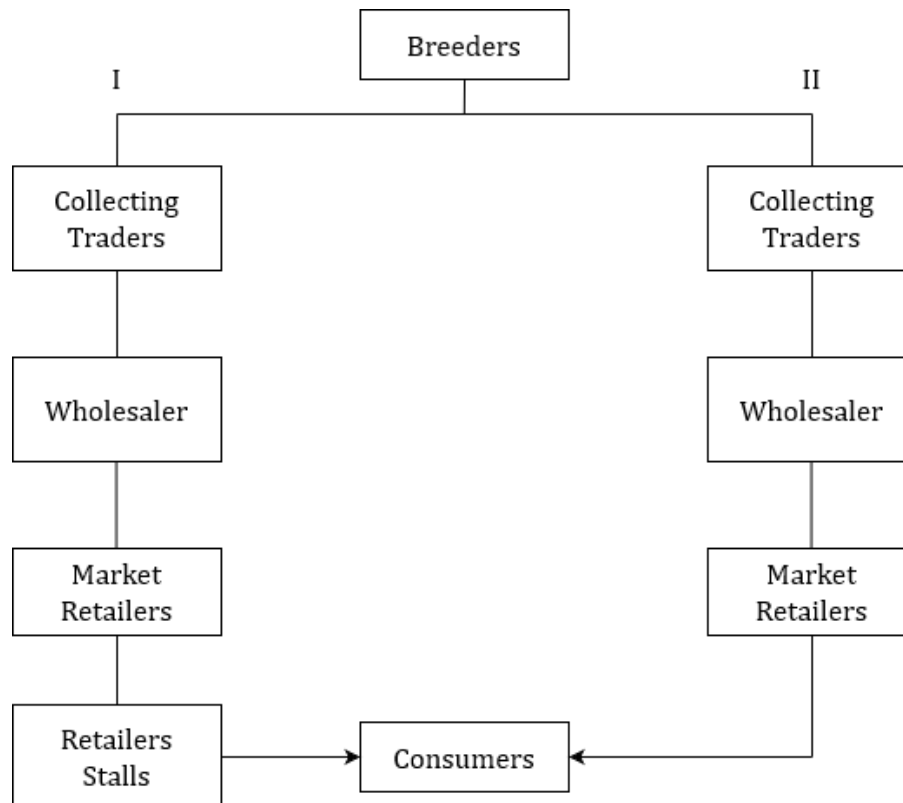
Figure 1. Marketing Channel of Chicken Eggs in Pannampu Market, Tallo District

From the figure above it can be seen that the marketing of chicken eggs in Pannampu Market Tallo sub-district has 2 (two) marketing channels, namely as follows:

1. Channel I:

   Farmers → Collecting Traders → Wholesalers → Pannampu Market Retailers

   → Stall Retailers → Consumers

2. Channel II:

   Breeders → Gatherers → Wholesalers → Retailers Pannampu Market

   → Consumer

3.1.2. Marketing Margin

Marketing margin is the difference between the selling price at each marketing institution and the purchase price at each marketing institution. The size of the marketing margin is closely related to the length of the marketing channel traveled (Bayu Nindar Adhitya, Khusnul Khatimah, 2022). The amount of marketing margin for chicken eggs in the Pannampu market is shown in detail in Table 1.

Table 1. Marketing Margin of Chicken Eggs in Pannampu Market, Tallo District

Marketing Organization	Channel I	Channel II
Breeders		
Selling Price	Rp 28.000/kg	Rp 28.000/kg
Collecting Merchants		
Purchase Price	Rp 28.000/kg	Rp 28.000/kg
Selling Price	Rp 30.000/kg	Rp 30.000/kg
Margin	Rp 2.000	Rp 2.000
Wholesaler		
Purchase Price	Rp 30.000/kg	Rp 30.000/kg
Selling Price	Rp 45.000/kg	Rp 45.000/kg
Margin	Rp 15.000	Rp 15.000
Market Retailer		
Purchase Price	Rp 45.000/kg	Rp 45.000/kg
Selling Price	Rp 47.000/kg	Rp 50.000/kg
Margin	Rp 2.000	Rp 5.000
Retailers Stalls		
Purchase Price	Rp 47.000/kg	Rp -
Selling Price	Rp 2.000/butir	Rp -
Margin	Rp 13.000	Rp -
Consumer		
Purchase Price	Rp 2.000/ grain	Rp 50.000/kg and Rp 1.500/ grain
Total Margin	Rp 32.000	Rp 22.000

Based on Table 1. it can be seen that marketing channel I has the highest total margin of Rp 32,000. While marketing channel II is the channel with the lowest total margin of IDR 22,000.

3.1.3. Marketing Efficiency

To find out the comparison of the efficiency level of chicken egg marketing channels in Pannampu Market, Tallo Subdistrict economically can be known by comparing the amount of total costs and marketing margins can be seen below. It can be seen that marketing channel I has

a marketing margin of Rp 32,000 which is higher than marketing channel II of Rp 22,000. Based on the high and low marketing margins, marketing channel II is the most economically efficient marketing channel. In marketing channel II there are retailers in the Pannampu market who sell directly to end consumers at a lower price than if consumers buy at retail stalls. However, the profit received by farmers/producers in marketing channel II is smaller than marketing channel I.

3.2. Discussion

Marketing costs are one of the things that need to be considered to organize the paths in the marketing channel. These marketing costs are often measured by marketing margins. Marketing margin is the difference between the selling price by producers and the purchase price by consumers. Then, good marketing must be efficient. Marketing efficiency can be achieved if the marketing carried out meets two main requirements, namely being able to deliver products from producers to consumers at the lowest cost and being able to make a fair distribution to all parties involved in the production to marketing process. There are two marketing channels for chicken eggs in Pannampu Market, Tallo District, Makassar City. In marketing channel I there are several marketing institutions, namely from Breeders → Collecting Traders → Wholesalers → Pannampu Market Retailers → Stall Retailers → Consumers. Then in marketing channel II, namely from Breeders → Collecting Traders → Wholesalers → Pannampu Market Retailers → Consumers.

From the calculation of marketing margins, it can be seen that marketing channel I has the highest total margin of Rp 32,000. The high margin in this marketing channel is due to the cost of shipping chicken eggs from large traders in Sidenreng Rappang Regency to retailers in Pannampu Market, Tallo District, Makassar City. Then, from retailers in Pannampu market to retail stalls there are also shipping costs. Therefore, the marketing costs borne by consumers become greater. Meanwhile, marketing channel II is the channel with the lowest total margin of IDR 22,000. Marketing channel II is the shortest marketing channel because it only involves three marketing institutions to get to the final consumer. Few marketing institutions in the marketing channel cause the marketing costs borne by consumers to be less.

Based on the research results, both marketing channels are profitable. But in marketing channel II economically, it is most efficient compared to marketing channel I.

4. CONCLUSIONS AND SUGGESTION

The conclusion obtained from the results of the research conducted shows that the marketing channel for chicken eggs in Pannampu Market, Tallo District, Makassar City has two marketing channels. In marketing channel I there are several marketing institutions, namely from Breeders → Collecting Traders → Wholesalers → Pannampu Market Retailers → Stall Retailers → Consumers. Then in marketing channel II, namely from Breeders → Collecting Traders → Wholesalers → Pannampu Market Retailers → Consumers. Marketing channel I has the highest total margin of Rp 32,000. The high margin in this marketing channel is due to shipping costs. While marketing channel II is the channel with the lowest total margin of IDR 22,000. Marketing channel II is the shortest marketing channel because it only involves three marketing institutions to get to the final consumer.

Based on the high and low marketing margins, marketing channel II is the most economically efficient marketing channel. But both marketing channels are profitable.

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