

# Brown Sugar Marketing Business Mechanism Industry in Household Rejang Lebong District Province Bengkulu

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**Abstract**— This research was conducted in Rejang Lebong district Bengkulu province, because the district is one of the production centers of brown sugar in the province of Bengkulu, and brown sugar is one of the main products on the district's Rejang Lebong Bengkulu. This study aims to. Analyzing the mechanisms of marketing efforts on a brown sugar home industry in Rejang Lebong Bengkulu district. Calculate how much profit earned by the producer (Farmer's share) sugar business in the District of Rejang Lebong Bengkulu Site selection studies done intentionally (purposive).

The research method used in this case is the method of survey of domestic sugar industry Brown sugar in Rejang Lebong Bengkulu regency. Withdrawal method instance done intentionally (purposive) sampling. Marketing Mechanism of brown at Rejang Lebong district is by marketing channel pattern consists of 3 channels marketing, First marketing channel is to Lubuk Linggau City , the second channel marketing is to Palembang city, and the third marketing channel region is to Lahat. Marketing margins of the channels I, II and III, the marketing margin of Rp. 2000, while the farmer's share of the channel I at 60.00 percents, and the channel II and II farmer's share amounted to 56.25 percents.

**Keywords**— *marketing mechanisms, brown sugar, farmer's share, marketing channels*

## I. INTRODUCTION

POTENTIAL Indonesia became the world's sugar producers due to support agro-ecosystem, land, labor. Besides, the market prospect is promising sugar in Indonesia with the consumption of 4.2 to 4.7 million tons / year. Sugar is one of the basic needs for the community and the industry is still continuing to be a problem due to lack of domestic production, while demand continues to rise. Sugar's Pabrik located in Java Island, technically relatively old age, so it is less productive, almost all Sugar's Pabrik is highly dependent on sugar cane farmers and the limited land in Java. While existing Refined sugar mills (8 plants) not produce an optimal (capacity utilization is around 40% - 60% in 2008). The rapid development of sugar demand while increasing the relative production not balanced to make Indonesia as sugar importer

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for raw crystal sugar (raw sugar) and sugar industries (refined sugar).( Ditjen Sugar Industry Agro dan chemical Deptan, 2009)

In Rejang Lebong Bengkulu regency brown sugar into one small industrial food products that are very popular is the whole society, and because of the potential of brown sugar in Rejang Lebong Bengkulu District then brown sugar commodity made Rejang Lebong district. Where the potential for brown sugar reaches 2.973 tons / year, this product is characteristic of Rejang Lebong Bengkulu district and its own flavor because it tastes so sweet because it uses raw materials native brown(Central Statistic Beareu, 2011).

Rejang Lebong Bengkulu District is one of the main production centers sugar brown. In Palembang themselves aren Brown Sugar is the main raw material in the manufacture of sauce (vinegar) to the typical food is fish cake from Palembang city, besides sugar also is playing one of its raw material in making soy sauce. Sugar business development in Rejang Lebong Bengkulu district has good prospects, supported by the availability of raw materials, facilities and infrastructure, capital and business development strategies, current business processing sugar in Rejang Lebong Bengkulu regency itself is arranged by the sugar industry-household industry (home industry).

From the description above, researchers interested in studying the issues as follows: What is the mechanism of marketing efforts sugar sugar at home industry in the District of Rejang Lebong Bengkulu and How large a share of profits (Farmer's share) received by farmers / producers sugar brown District Rejang Lebong Bengkulu and the research purposes is To Analyzing the mechanisms of marketing efforts on a brown sugar home industry in Rejang Lebong Bengkulu district and calculate how much profit earned by the producer (Farmer's share) sugar business in the District of Rejang Lebong Bengkulu

## II. RESEARCH METHOD

This research was conducted in the district in Rejang Lebong Bengkulu province, because of the district This district is one of the production centers of brown sugar (sugar) in the province of Bengkulu, and brown sugar is one of the main products on the Rejang Lebong Bengkulu District's choice of location research done intentionally (purposive). Implementation research is from March to October 2012. The

research method used in this case is the method of survey of domestic sugar industry sugar in Rejang Lebong Bengkulu regency. Withdrawal method instance done intentionally (purposive sampling). Data collected in this study is primary data and secondary data. Primary data is the data obtained by direct interviews with domestic sugar industry and marketing agencies (Dealer collectors, retailers) using a prepared list of questions (questioner) and continued with field observations in sharpening the assessment. Secondary data was obtained from the institutions / government agencies that the sample in this study.

To answer the purpose of this research is the marketing mechanism of sugar in Rejang Lebong Bengkulu is a descriptive analysis, to answer the third goal, it is done by means of mathematical data obtained in the field. The calculation is to calculate marketing margins with the following formula (Soekartawi, 2002);

The formula of Marketing Margin is :

$$M_{pi} = H_{ji} - H_{bi}$$

The Information

$M_{pi}$  = Marketing Margin

$H_{ji}$  = The Price of sale brown sugar (Rp/Kilogram)

$H_{bi}$  = The Price of Purchase brown sugar (Rp/Kilogram)

The Formula of *Farmer's share*

$$FS = \frac{HP}{HK} \times 100\%$$

Information

$FS$  = *Farmer's share* (%)

$H_{pd}$  = Price at the merchant level (Rp/Kg)

$HK$  = Price at the exporters (Rp/Kg)

$HP$  = Price at the farmer's (Rp/Kg)

Profit Marketing

$$K_{pi} = M_{pi} - B_{pi}$$

Keterangan :

$K_{pi}$  = Profit Marketing (Rp/Kg)

$B_{pi}$  = Marketing Costs (Rp/Kg)

$M_{pi}$  = Marketing Margin

### III. RESULTS AND DISCUSSION

Marketing is a activities system from effort which is purposes to plan, to make prices , to promote, and to distribute thing and service which is to make satisfied consumer need and potential consumers (Dharmaresta. 2002.)

From the results of this study, it turns out Brown Sugar's famous sugar from the city Lubuk Linggau and marketed in the City Lubuk Linggau was derived from Rejang Lebong regency in Bengkulu Province which is the production of Sindang Kelingi Rejang Bengkulu sub district, while in the City is one of the main centers of Lubuk Linggau marketing, in Rejang Lebong Bengkulu district are two District are seeking brown sugar, because it was close to the Rejang Lebong Bengkulu regency then the marketing of brown sugar sold in the city and surrounding Lubuk Linggau.

#### A. Marketing Mechanism of brown Sugar

Brown sugar marketing mechanism with three brown sugar marketing channels, marketing channel is the channel through which the sugar brown to get into the hands of the end consumer. More and more agencies are involved in the marketing of the marketing chain, the longer it will take place marketing channel, so the price received by the consumer end is higher. Marketing activities starting from farmers brown sugar as a producer, and then marketing agencies new to the end consumer.

In the process of delivering this brown sugar products from producers to final consumers need the services of intermediaries (marketing agency). Based on the results of research in the village of Seberang Blitar there are 3 marketing channels used by farmers artisans sell their sugar in the production of brown sugar

Brown sugar marketing channels in the village of Seberang Blitar through three marketing channels as follows:

1. The first marketing channels ranging from farmers brown sugar, then through village level traders and to wholesalers in the city Lubuk Linggau and to retailers in the city Lubuk Linggau, and then to the hands of the end consumer.

2. The second marketing channel, starting from sugar brown farmers craftsmen, then to village traders, and then forwarded to the merchant located in Palembang, then to retailers, and then to the hands of the end consumer

3. The third marketing channel, from sugar brown farmers artisans, traders and then to the village, and then forwarded to the City Lahat wholesalers and then to retailers until later into the hands of the end consumer.

There are three purposes of marketing channels brown sugar from the village of Blitar Across the marketing channel to the city I Lubuk Linggau marketing channel II is the city of Palembang, which demand the most are from the city, because many brown sugar used by traders in the city of Palembang fish cake to make gravy "vinegar" as a complement to the typical snacks of Palembang, and marketing channels to III are from sugar brown farmers artisans, traders and then to the village and to the traders in the City of Big Lahat and forwarded to new retailers and then to consumers final level.

### IV. MARKETING MARGIN

Marketing margin is defined as the difference in price from one level of marketing to the next level of marketing. The difference of marketing activities undertaken by the respective marketing agencies will lead to differences in the selling price of a single institution with other institutions up to the final consumer. Besides, each agency involved in the marketing of a particular marketing system basically aims to obtain remuneration in accordance with the sacrifice he gave. The greater the profit that seeks obtained an institution then the higher the price paid by the final consumer, to determine the purchase price and the average selling price of each institution in each marketing channel marketing

The purchase price of brown sugar at the village level collectors, wholesalers and retailers differ between channel I, channel II and channel III. In line I, brown sugar buying price at the village level traders is Rp. 11.000, - per kilogram price is lower than the selling price of brown sugar on the second line and third line, so the marketing margin earned by the village traders Rp. 2000, - per kilogram. In the channel because of the distance I Linggau Lubuk City and District Rejang Lebong not far apart so that the price of traders become cheaper, the price includes the shipping cost to the city of brown sugar Lubuk Linggau, while the channel I and channel II is the area of marketing to the City Lahat city of Palembang and the selling price is higher than traders Rp. 12.000, - per kilogram, due to the location of the two regions farther distance when compared to the production centers to the City Lubuk Linggau, so marketing margins received by the village traders redemptions of Rp. 3.000, - price includes shipping the sugar brown. Brown sugar delivery to each region performed every week, it is routinely performed, usually wholesalers are already subscribed traders.

Sales at the wholesaler level on channel I that the selling price of Rp. 13.000, - per kilogram, marketing margins received on the channel to the I in the amount of Rp. 2000, - per kilogram, while the second channel and the channel III, brown sugar selling price of Rp. 15.000, -/kilogram, so the marketing margin in the two lines is Rp. 3.000, - /kilogram. Sales at retailers on channel I that the selling price of Rp. 15.000, - per kilogram. Marketing margin earned on the line I is Rp. 2000, - per kilogram, the channel to the second and the third, the selling price at the retailer level of Rp. 17.000, - /kilogram, marketing margin earned Rp. 3.000, - /kilogram

The average marketing margin earned by the traders, wholesalers and retailers can be seen in Table I below.

TABLE I  
TOTAL MARKETING MARGIN AND AVERAGE TRADERS, WHOLESALERS AND RETAILERS, IN 2011.

Marketing agencies	Total Marketing Margin (Rp)	Average Marketing Margin (Rp/kg)
Traders	8.000	2.666,67
wholesalers	8.000	2.666,67
retailer	8.000	2.666,67

Table I is the average marketing margin at the level of traders Rp. 2666.67, - /kilogram, marketing margin at the level of large retailers is equal Rp.2.666, 67, - /kilogram, there is no difference between the average margin earned by middlemen, wholesalers and retailers.

#### 1. Marketing Advantage

TABLE II  
MARKETING ADVANTAGES AT THE BROWN SUGAR TRADERS, WHOLESALERS AND RETAILERS, IN 2011

Marketing Agencies	Marketing Advantage (Rp/kg)
First Channel	
Traders	1.468
Wholesalers	2.468
Retailers Kota Lubuk Linggau	2.468
Second Channel	
Traders	
Wholesalers	1.400
Retailers Palembang City	2.000
	2.000
Third Channel	
Traders	
Wholesalers	1.500
Retailers Lahat City	2.200
	2.300

TABLE III  
BROWN SUGAR MARKETING ADVANTAGES AND THE AVERAGE VILLAGE-LEVEL TRADERS, WHOLESALERS AND RETAILERS CITIES, 2011

Marketing agencies	Total Marketing Advantage (Rp)	Average Marketing Advantage (Rp/kg)
Traders	4.368	1.452
wholesalers	6.668	2.222
retailer	6.768	2.256

#### 1. Farmer's Share

Based on Table II and Table III it is known that the difference in profits between the city wholesalers and retailers are not much different, the average profit earned by wholesalers Rp. 2222, - per kilogram, while the benefits gained by retailers Rp. 2256, - per kilogram. Average profit of the lowest obtained traders Rp. 1456, - per kilogram. Village level traders take advantage of the lowest compared with wholesalers and retailers, traders because the marketing cost more than the two institutions, as traders expend substantial transportation costs to deliver the sugar brown to get into the hands of traders great, plus it requires traders shed for storage of brown sugar purchased from artisan farmers brown sugar before marketed to wholesalers, while the greatest advantage that the retailers, because retailers do not spend a lot of marketing costs.

Different markets targeted by the goods and the amount of items in the market led to the difference in the price of goods in each market. Final consumer goods price level will influence the farmer's share of each marketing channel. The greater the difference in price to the end consumer agricultural producers, the smaller part being enjoyed by farmers. The amount of the farmer's share of the three brown sugar marketing channels in the village across the district Blitar Rejang Lebong can be seen in Table IV below

TABLE IV  
FARMER'S SHARE, AVERAGE MARKETING CHANNEL BROWN SUGAR IN THE  
VILLAGE DISTRICT BLITAR SEBERANG REJANG LEBONG, IN 2011

Marketing Channel	The Selling Price producer (Rp/kg)	The Purchase Price of consumer (Rp/kg)	<i>Farmer's share</i>
Channel I	11.000	9.000	60,00
Channel II	12.000	9.000	56,25
Channel III	12.000	9.000	56,25

Based on Table IV it can be seen that the marketing channels I have farmer's share of the value that is equal to 60.00 per cent higher. On the channel I brown sugar is sold in Linggau Lubuk City, where the distance between the District and the City of Rejang Lebong Lubuk Linggau close that distance to market the brown sugar is not too far away, so the cost of this brown sugar marketing to the City Lubuk Linggau lower, when compared to the second channel and the third channel, where the goal is to Palembang pemasrannya and Lahat.yang City where the distance to the area far enough away so much higher marketing costs, the average farmer's share of the gastrointestinal tract II and II amounted to 56.25 percent. The farther the distance of the target market, the greater the ignorance of farmers as producers of the red brown sugar prices prevailing at the final consumer level will increase. Generally, the greater the distance between producers and consumers, the greater the price difference. This is what sometimes makes the farmers has always been the injured party. The size of the farmer's share gained will affect the efficiency of a marketing channel for farmer's share is one of the main indicators that can be used to demonstrate the efficiency of a marketing channel.

#### V. CONCLUSION

Mechanism of brown sugar Marketing Rejang Lebong district is by marketing channel pattern consists of 3 channels of marketing that I channel the channel area to the City Lubuk Linggau marketing, channel to channel region II is marketing to the City of Palembang and the third channel to channel marketing local marketing to the City Lahat

Marketing margins of the channels I, II and III, the marketing margin of Rp. 2000, while the farmer's share of the channel I at 60.00 percent, danpada channel II and II farmer's share amounted to 56.25 per cent.

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