

MARKETING PERFORMANCE OF POMELO ORANGES IN PADANG LAMPE VILLAGE, MA'RANG DISTRICT, PANGKAJENE KEPULAUAN REGENCY

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Abstract

This study aims to determine the pattern of marketing channels and analyze the costs, margins profits, and economic efficiency of each pomelo orange marketing channel in Padang Lampe Village, Ma'rang District, Pangkep Regency. A sampling of producers was carried out by Simple Random Sampling while marketing institution samples using the tracing method or (snowball sampling) namely by tracing sales and purchases of pomelo oranges from producers to consumers. The results of the study showed that there are two types of marketing channels in Padang Lampe Village, Ma'rang District, Pangkep Regency, namely, channel I: Farmers-----Collectors ----- Inter-Island Traders ----- Retailers ----- Consumers. Furthermore, Marketing Channel II is from Farmers ----- Retailers ----- Consumers. In Marketing Channel I, the total marketing cost is IDR 25,660,000/7500 pomelo fruits, the total marketing margin is IDR 78,750,000/7500 fruits, and the total marketing profit is IDR 46,790,000. In Marketing Channel II, the total marketing cost is IDR 1,175,000/300 fruits, the marketing margin is IDR 2,250,000 and the total marketing profit is IDR 1,075,000. Marketing Channel II is the most efficient pomelo marketing channel because it has the lowest marketing margin, which is IDR. 2,250,000/300 pieces and has the highest Farmer's Share value, namely 57.14%.

Keywords: *Pomelo Oranges, Cost, Marketing margin, Profit, Marketing efficiency*

1. INTRODUCTION

Horticultural farming, especially fruits in Indonesia, has only been seen as a side business planted in yards with a narrow area and applying simple post-harvest cultivation techniques (Ziaulhaq & TJ, 2023). On the other hand, market demand for both local and export markets requires a certain quality, uniform size, and continuous supply of fruit. Therefore, to develop fruits in Indonesia and increase competitiveness in local and export markets, the government is encouraging the development of horticultural agriculture (Anonymous, 2008).

One type of horticultural plant suitable for tropical climates is large oranges (Pomelo). The pomelo orange commodity has the potential and prospects to be developed and managed as an agribusiness because it is supported by suitable land and agroclimate. The Central Statistics Agency (BPS) noted that orange production in Indonesia reached 2.72 million tons throughout 2022. This number increased by 13.2 percent compared to the previous year of 2.4 million tons. Looking at the trend, orange production in Indonesia fluctuates and tends to increase. Orange production in 2022 was the largest record in the last decade (Dwi Erianto, 2023).

Pomelo orange production in Eastern Indonesia is only found in Pangkajene and Kepulauan Regency. It is a superior commodity in Pangkep Regency, and it is expected to be one of the sources of regional and farmer income. It is referred to by its Jargon Bolu (Milkfish), lemo (Orange), and doang (Shrimp), commonly abbreviated as BOLEDONG (Marhawati, 2019). This orange was initially cultivated by the community in Pangkep Regency as a yard plant. However, after this sweet and sour fruit sold well in the market, farmers developed it into a commercial farming business (Pangkep Regency Agriculture Service, 2010). One of the large orange-producing centers in Pangkep Regency is in Ma'rang District. Orange production centers in Ma'rang District are spread across several villages, one of which is Padanglampe Village. Pomelo oranges have been cultivated for generations so that many local people make it a livelihood.

Although pomelo is considered a superior commodity, in its development there are many problems faced, especially in its marketing. In running a business in the agricultural sector, marketing is important because marketing of agricultural products will affect the high and low income of farmers. High production will be in vain if the selling price is low. Therefore, high production does not always provide high profits without being accompanied by good and efficient marketing. To obtain optimal profits, an efficient marketing system is needed that can provide fair profit sharing to all parties, both producers and marketing institutions. The length of the marketing channel can cause a price difference between the consumer level and the price received by farmers. High prices at the consumer level do not necessarily provide high profits for citrus producers.

Research related to orange marketing has been conducted by (Beddu, 2016); (Uloh, E.V., Igwe, 2018); (Agustina et al., 2019); (Julika et al., 2019); (Muzuna, 2019); (Sateesh & Indumathi, 2019); (Anggi Putri Sefri, 2022); (Sulastina et al., 2023). Previous studies have discussed a lot about marketing efficiency and channels for various types of citrus fruits, namely gerga oranges, and sweet oranges. Our research focuses specifically on pomelo oranges and discusses marketing issues as a whole. Based on this, the objectives of the study are: (a) To examine the marketing channel pattern of pomelo oranges in Padang Lampe Village, Pangkep Regency. (b) To examine the costs, profits, and marketing margins of pomelo oranges in Padang Lampe Village, Pangkep Regency.

2. IMPLEMENTATION METHOD

2.1. Research Location

This research was conducted in Padang Lampe Village, Ma'rang District, Pangkep Regency. The determination of the research location was done intentionally (purposive), with the consideration that Padang Lampe Village is one of the centers of pomelo production in Pangkep Regency.

2.2. Types and Sources of Data

The data used in this study consists of qualitative and quantitative data. The data sources used are primary data and secondary data. Primary data was obtained from direct sources from pomelo farmers and institutions involved in the pomelo supply chain. Secondary data was obtained from documents, written reports, and agencies related to this study.

2.3. Population and Sample

The population of this study was pomelo farmers, intermediary traders at various levels, inter-island traders, retailers, traders who have kiosks, consumers domiciled in Makassar, and several other stakeholders. The determination of samples for farmers was 20 people selected using the simple random sampling technique. The number of trader samples of 13 people was determined using the snowball sampling method or chain referral sampling.

2.4. Data Analysis Techniques

To determine the pattern of marketing channels and intermediaries of marketing institutions in Padang Lampe village at the marketing institution level, descriptive analysis is used. Meanwhile, to determine the marketing costs and margins at the marketing institution level in the marketing channel, cost margin analysis tools are used, marketing margins, namely by calculating the amount of costs, profits, and marketing margins at each marketing institution in various channels.

a. Marketing Margin

Marketing margin is the difference between the price received by farmers and the price paid by consumers. To analyze marketing, the price data used is the price at the farmer level and the price at the consumer level, systematically it can be formulated as follows:

$$Mp = Pr - Pf$$

Description:

Mp = Orange Marketing Margin (Rp/kg)

Pr = Orange price at consumer level (Rp/kg)

Pf = Orange price at producer level (Rp/kg)

Marketing margin is the sum obtained by intermediary traders consisting of several marketing costs incurred and the profits received by intermediary traders (Kotler, P., & Keller, K. L., 2016) formulated as follows:

$$Mp = Bp + Kp$$

Description:

Mp = Marketing margin of pomelo (Rp/kg)

Bp = Marketing costs of pomelo (Rp/kg)

Kp = Marketing profit of pomelo (Rp/kg)

b. Economic Efficiency

The economic efficiency of the orange marketing channel can be calculated by the percentage value of the marketing margin and the percentage of the portion received by the producer. The percentage of marketing margin from each marketing channel uses the formula:

$$M_p = \frac{P_r - P_f}{P_r} \times 100 \%$$

Description:

M_p = Orange marketing margin (%)

P_r = Orange price at consumer level (Rp/kg)

P_f = Orange price at producer level (Rp/kg)

To determine the marketing efficiency economically, a marketing margin analysis is carried out and the portion received by farmers (farmer's share) is calculated. This can be calculated using the formula:

$$F = \left(1 - \frac{M_p}{P_r}\right) \times 100 \%$$

Description:

F = Portion received by pomelo farmers (%)

M_p = Marketing margin of pomelo (Rp/kg)

P_r = Price of oranges at the consumer level (Rp/kg)

The criteria used to determine that orange marketing is considered economically efficient is that each marketing channel has a low marketing margin percentage value and a high percentage value of the share received by orange farmers. If the share received by farmers is less than 50%, it means that it is not yet efficient, and if the share received by farmers is more than 50%, then marketing is said to be efficient (Darmawati, 2005).

3. RESULTS AND DISCUSSION

3.1. Marketing Channels

The flow of a product from producer to consumer cannot be separated from the services of the marketing institutions involved in it. This marketing chain is formed thanks to the assistance of marketing institutions involved in marketing the product. The marketing channel for pomelo from producer to consumer can be seen in the following picture.

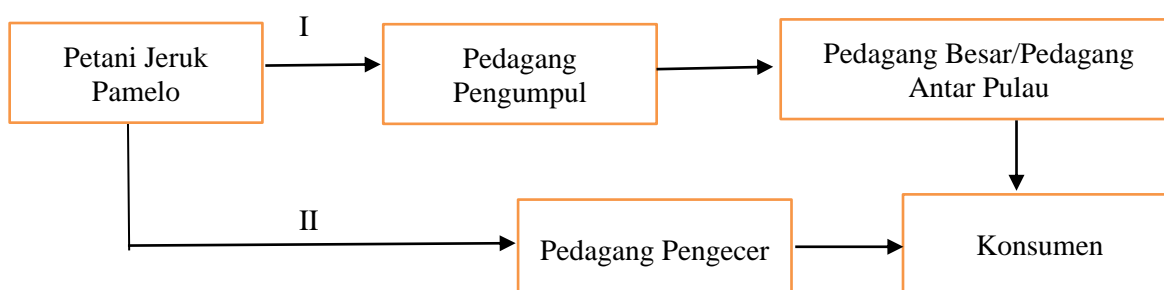


Figure 1. Marketing channel chart for pomelo oranges in Padanglampe Village, Ma'rang District, Pangkep Regency.

Channel I: Farmers----- Collectors -----Wholesalers/Inter-Island Traders----- Retailers ----- Consumers

In marketing channel 1, farmers sell oranges to collectors, where collectors come directly to the farmer's orange garden to pick them using laborers. Collectors then sell to wholesalers by shipping via sea transportation, namely using ships. Furthermore, distributors at the Kramat Jati Main Market in Jakarta distribute to retailers, and then to end consumers.

Collectors purchase oranges using pick-up trucks to transport pomelos to the collectors' warehouses. Pick-up trucks can carry 800 pomelos in one shipment. So, ten shipments are needed to fill one container. Each container can hold approximately 8,000 pomelos. Collectors usually employ 5 to 8 workers to pick/harvest oranges with wages of IDR150,000 per person for one container. After the oranges have been collected in large quantities, they are then sent to Java using containers via Soekarno Hatta Makassar port. Shipping costs using container truck expeditions are borne by wholesalers/shippers, and then distributors sell the oranges to retailers in Caringin market and Kramat Jati Jakarta main market. Generally, buying and selling transactions by distributors with non-local retailers are carried out at the container unloading site. Furthermore, non-local retailers will sell to end consumers in the area. The distribution period from farmers to non-local retailers takes quite a long time compared to other marketing channels, so the physical risks experienced tend to be high in the form of shrinkage in the volume and quality of pomelo oranges such as damaged and rotten fruit conditions.

Channel II: Farmers ----- Retailers ----- Consumers

In marketing channel II, farmers sell their oranges to roadside retailers who sell along the left and right shoulders of the Makassar-Pare-pare main road located in the Ma'rang District to Segeri District, Pangkep Regency. These retailers buy oranges directly from farmers and transport them using a pick-up truck or a three-wheeled motorcycle. One transportation for a pick-up truck can load approximately 200-300 fruits, while a three-wheeled motorcycle, it can load approximately 100 fruits. Retailers only pay transportation costs, retribution fees, and rental fees for the landowner's kiosk. Retailers who have houses on the side of the road use their yards by making kiosks to sell oranges.

3.2. Marketing Costs, Margins and Profits

To find out the amount of costs, profits, and marketing margins at the marketing institution level on the two channels used by pomelo farmers in Padanglampe Village, Ma'rang District, Pangkep Regency, see Table 1 and Table 2. The following are the average costs, profits, and marketing margins for Pomelo oranges in Padanglampe Village, Ma'rang District on marketing channel I'

Marketing Performance of Pomelo Oranges in Padang Lampe Village, Ma'rang District, Pangkajene Kepulauan Regency

Marhawati Najib, 2024

Table 1. Costs, Margins, and Profits of Marketing Pomelo Oranges on Channel I in Padanglampe Village, Ma'rang District, Pangkep Regency.

Number	Description	Value in 7500 pieces	Percentage
1	Farmer		
	a. Farmer lever price @7.000	52.500.000	40
	b. Marketing Costs	-	-
2	Collectors		
	a. Purchase price of oranges	52.500.000	40
	b. Marketing Costs		
	- Labor Costs	1.200.000	0,91
3	Wholesaler/Inter-island Trader		
	a. Purchase price of oranges	52.500.000	40
	b. Marketing Costs		
	- Warehouse Rental Cost	250.000	0,19
	- Pickup Truck Rental Cost	1.000.000	0,76
	- Container Transportation Cost	15.000.000	11,43
	- Depreciation Cost	1.000.000	0,76
	- Loading and Unloading Cost	1.250.000	0,95
	Total cost	18.500.000	14,10
	c. Marketing Margin	41.250.000	31,43
	d. Profit	22.750.000	17,33
	e. Selling Price @12.500	93.750.000	71,43
4	Retailer Trader		
	a. Orange Purchase Price	93.750.000	71,43
	b. Marketing Costs		
	- Stall Rental cost	1.500.000	11,43
	- Levy Cost	10.000	0,01
	- Packaging Cost	200.000	0,15
	- Depreciation Cost	3.000.000	2,29
	- Loading and Unloading Cost	1.250.000	0,95
	Total Cost	5.960.000	4,54
	c. Marketing Margin	37.500.000	28,57
	d. Profit	31.540.000	24,03
	e. Selling Price @17.500	131.250.000	100
5	Consumer		
	Consumer Purchase Price@17.500	131.250.000	100
6	Total Marketing Margin	78.750.000	60
7	Total Marketing Cost	25.660.000	19,55
8	Total Profit	46.790.000	35,65
9	<i>Farmer's Share</i>		40

Source: Processed Primary Data, 2024.

Based on Table 1, it can be seen that the related pomelo marketing channels are collectors, wholesalers (inter-island), and retailers. In channel I, the price at the farmer level is IDR 52,500,000 per 7,500 pomelos sold until the harvest is complete. Farmers do not incur marketing costs because

collectors come directly to the farmer's garden. Collectors only incur labor costs for loading and unloading services from the garden to the orange collection warehouse. The labor used is 8 people with wages of IDR 150,000 per person. Collectors benefit from renting the orange collection warehouse and renting a car (pick-up) owned by collectors where the warehouse rental service obtained by collectors is IDR 250,000 per container while for car rental services, collectors get IDR 1,000,000 per container.

Wholesalers or inter-island traders buy pomelo oranges through collectors by spending marketing costs consisting of container transportation costs from Padang Lampe village to Caringin Main Market, which is IDR 15,000,000, which is the cost of unloading oranges from the island container truck and transporting them to the traders' stalls at Caringin Market. In addition, wholesalers (inter-island) also pay for the rental service of the orange collection warehouse to collectors of IDR 250,000/container and the rental of a pick-up truck of IDR 1,000,000/container. Depreciation includes the risk of oranges damaged during the trip and those that are not sold.

Retailers spend packaging costs, namely the cost of buying plastic bags, 1 press contains 10 bundles and each bundle contains 50 sheets for Rp 60,000.00 per press, and 1 plastic bag can contain approximately 3-4 large oranges (pomelo). In addition, the depreciation costs for retailers are also quite large because retailers store oranges for a longer period compared to wholesalers and collectors. In marketing channel I, the farmer's share is 40%, which is relatively low. This shows a high price gap between producers to consumers. The following are the costs, profits, and marketing margins of pomelo oranges in Padang Lampe Village, Ma'rang District, Pangkep Regency on Marketing Channel II.

Table 2. Costs, Margins, and Profits of Marketing Pamelos Oranges on Channel II in Padang Lampe Village, Ma'rang District, Pangkep Regency

Number	Description	Value in 300 pieces	Percentage
1	Farmer		
	Farmer lever price @10.000	3.000.000	57,14
2	Retailer Trader		
	a. Purchase price of oranges	3.000.000	57,14
	b. Marketing Costs		
	- Stall Rental Cost	1.000.000	19,05
	- Transportation Costs	100.000	1,90
	- Packaging Cost	75.000	1,43
	Total Cost	1.175.000	22,38
	c. Marketing Margin	2.250.000	42,85
	d. Profit	1.075.000	20,48
	e. Selling Price	5.250.000	100
3	Consumer		
	Consumer Purchase Price@17.500	5.250.000	100
4	Total Marketing Margin	2.250.000	42,86
5	Total Marketing Cost	1.175.000	22,38
6	Total Profit	1.075.000	20,48
7	<i>Farmer's Share</i>		57,14

Source: Processed Primary Data, 2024.

Economic marketing efficiency is one way to determine the efficiency of marketing channels, namely by using the indicator of the share received by producer farmers or commonly called farmer's share. The size of the farmer's share is influenced by the size of the marketing margin. The lower the marketing margin, the greater the share received by farmers, thus the marketing channel is said to be efficient. This is in line with research conducted by (Agustina et al., 2019).

Based on Table 2, shows that farmers who sell large oranges (pummelo) directly to retailers, namely in marketing channel II, have a greater farmer's share value than farmers who market pummelo through marketing channel I. Based on the results of this study, it can be seen that the shorter pummelo marketing channel in Padang Lampe Village, Ma'rang District, Pangkep Regency is economically more efficient, as evidenced by marketing channel II.

4. CONCLUSION

Based on the results of the analysis and discussion, the following conclusions were obtained:

1. The marketing channels used by pomelo farmers in Padang Lampe Village, Ma'rang District, are two marketing channels, namely:
 - a. Marketing Channel I: Farmers → Collectors → Wholesalers / Inter-Island → Retailers → Consumers
 - b. Marketing Channel II: Farmers → Retailers → Consumers
2. In channel I, the total marketing cost is IDR 25,660,000 per 7500 fruits, the total marketing profit is IDR 46,790,000 per 7500 fruits and the marketing margin is IDR 78,750,000 per 7500 fruits. In marketing channel II, the total marketing cost is IDR 1,175,000 per 300 fruits, and the total marketing profit is IDR 1,075,000 per 300 pieces and a total marketing margin of IDR. 2,250,000 per 300 pieces.
3. Economic efficiency of the two marketing channels in Padang Lampe Village, Ma'rang District, Pangkep Regency, then marketing channel II is the most efficient pomelo marketing channel because it has the highest farmer's share value of 57.14%.

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Marketing Performance of Pomelo Oranges in Padang Lampe Village, Ma'rang District, Pangkajene Kepulauan Regency

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