THE EFFICIENCY OF BEEF CATTLE MARKETING CHANNEL IN GORONTALO DISTRICT DURING THE COVID-19 PANDEMIC

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ABSTRACT

This research confers an analysis of beef cattle marketing channels during the COVID-19 pandemic, margins and profits earned by marketing institutions, and the most efficient marketing channel. It was carried out in Asparaga, Tolangohula, Boliyohuto, Mootilango, and Pulubala in September-November 2020 using descriptive analysis. We found two direct marketing channels and three indirect marketing channels before and during the pandemic. The margin of Channel I, II, III, IV, and V before the pandemic was IDR0, IDR1,500,000, IDR5,000,000, IDR2,500,000, and IDR2,000,000, respectively. Meanwhile, the margin of Channel I, II, III, IV, and V during the pandemic was IDR0, IDR3,000,000, IDR6,000,000, IDR4,000,000, and IDR4,000,000, respectively. In regard to marketing efficiency levels before and during the pandemic, Channel I was 0.41%, followed by Channel V, which was 0.62%. Moreover, Channel II, III, and III were inefficient at 7.0%, 4.12%, and 2.95%, respectively. Meanwhile, during the pandemic, the most efficient marketing channels were Channel I and V, namely 0.5% and 0.05%, respectively. The other marketing channels, which were Channel II, III, and IV, i.e., 3.43%, 4.12%, and 1.25%, were inefficient.

Keywords: *Marketing Channel, Margin, Profit, Efficiency, COVID-19*

INTRODUCTION

The annually ever-increasing needs for livestock products give us evidence of the great opportunity of animal husbandry. Data from the Directorate General of Livestock and Animal Health in 2012 addressed that the number of beef consumption increased by year, as of 2007-2010, by 11.77%. The number of animal husbandries, which supply protein, energy, vitamin, and minerals increase when the awareness of the needs for nutrition to accrue the quality of life also increases. One of the most-consumed animal proteins is beef, which is considered crucial to fulfilling the community's needs for nutrition and a strategic economic commodity.

The demand for beef today is increasing. Many farmers show viability in running cattle businesses, specifically beef cattle, which is in high demand before the holidays. The demand is even growing, despite the beef price. Accordingly, it is understandable that the business grows to be more popular. However, from a national perspective, Indonesia is incapable of meeting the community needs for beef, which then makes the government import live cattle and beef (frozen). Besides, the government also takes other steps, i.e., stipulating meat sufficiency programs, which are expected to complete in 2024. The programs certainly require effective innovations and substantive supports from both the government and the

community, especially those concerning beef cattle businesses. Furthermore, the government needs to arrange several programs which can elevate domestic beef productions, exert approaches which boost community participation from 2017 in the Compulsory Pregnant Cattle Breeding Program (SIWAB), and target meat self-sufficiency by 2024.

Marketing, by principle, constitutes a process of channeling products, including livestock products, to consumers. Producers must be determined to have their products cursorily accepted by consumers. According to the phenomena and evidence which have been elucidated, the livestock community in Gorontalo District uses the extant opportunity to develop cattle businesses, particularly after deeming that cattle beef is one of the important subsectors. However, in spite of the sustainable economic potency which can enhance public welfare, there are big challenges to confront, e.g., capital constraint, lack of agribusiness insights, and traditional livestock management. Regardless of the issues, the Gorontalo District community is consistent in maintaining optimism, hopes, and desire to use natural resources available.

During the Coronavirus or the COVID-19 pandemic, frequent price shifts in relation to livestock marketing are common in Gorontalo Districts. Farmers can only sell livestock at a double cheaper price than that before the pandemic. As such, the government should analyze what breeds the problem when it persistently distributes the COVID-19 assistance. During this state of affairs, marketing activities are restricted, disallowing breeders to directly sell livestock products in the market, after the government instruction to stay at home. Consequently, the community cannot detect the selling price, enabling sellers to either increase or cut the price as they want.

The COVID-19 pandemic brings about serious problems in beef cattle businesses in Gorontalo District and caused significant changes in the businesses. Approximately 90% of the farms are smallholder with one to three livestock only. Farmers, in running their businesses, always confront problems with serious impacts on marketing. Beef cattle marketing in Gorontalo District was traditional by pattern as farmers do not straightforwardly sell their cattle in animal markets or wholesalers but to collectors. The last-mentioned parties, i.e., collectors, are deemed to exceptionally support farmers, and hence it is impossible to remove them from marketing channels. Consequently, farmers are faced with a weak bargain position and lack of information in relation to cattle price and eventually sell their cattle at a detrimental price. This decreases the quality of marketing carried out by farmers when at other times, collectors, wholesalers, and retailers earn many profits owing to their direct connection to the market. Ironically, the price of domestic beef price in traditional markets is considerably high.

RESEARCH METHODS

This research was conducted in September-November 2020 in several

subdistricts in Gorontalo, namely Asparaga, Tolangohula, Mootilango, Boliyohuto, and Pulubala. The subdistricts were chosen based on the population of cattle there.

FINDINGS AND DISCUSSION

A. Marketing Channel

In common, marketing channels were naturally established. Findings clarify some marketing institution levels, comprising cattle beef farmers, collectors, wholesalers, inter-island traders, market traders, and consumers. Collecters purchased cattle from farmers and sold them to wholesalers. Wholesalers then were in charge of selling cattle purchased from collectors. The cattle were bought by slaughter traders who then sold it to inter-island traders. The last addressed traders sold them to market traders who directly communicated with consumers.

Marketing channels were responsible for operating marketing functions. Rewards received by marketing institutions by executing marketing functions were marketing margins (consisting of marketing costs and profits). The finding was aligned with Rahadi and Hartono (2003), that marketing patterns were naturally formed. The patterns were commonly made by farmers who were intending to do self-marketing. Accordingly, they would straightforwardly sell their products to consumers, wholesalers, or extant markets.

Table 1. Marketing Channels Before and During the COVID-19 Pandemic

Marketing Channel	Before the Pandemic	During the Pandemic	Description
SP I	P-K	P-K	Changeless
SP II	P-PP-PB-PAP-K	P-PP-PB-K	Changed
SP III	P-PP-PPG-PS-K	P-PP-PPG-PS-K	Changeless
SP IV	P-PP-PPG-K	P-PPG-K	Changed
SP V	P-PB-K	P-PS-K	Changed

Description:
SP = Marketing Channel
P = Farmers
PP = Collectors
PB = Wholesalers
PPG = Slaughter Traders
PAT = Inter-island Traders
PS = Market Traders
K = Consumers

Marketing Channel I and III were changeless. No impact due to the pandemic was identified there. Before and during the pandemic, in Marketing Channel I, farmers directly sold their products to consumers and in Channel Marketing III, the marketing pattern was from farmers-collectors-slaughter traders-market traders-consumers. Meanwhile, Marketing Channel II, IV, and V had different marketing patterns before and during the pandemic. In those marketing channels, farmers still sold their cattle to collectors who would sell it to market traders or farmers sold their cattle to collectors who would sell them to wholesalers. From wholesalers, the cattle were sold to slaughter traders who would then finally sell them to consumers. The changes happened because of different marketing institutions which should be passed due

to the Large-scale Social Restriction (PSBB) enacted during the COVID-19 pandemic.

B. Marketing Margin

Marketing institutions sought to earn profits from their beef cattle business and accrue the additional use values of beef cattle. They then collected cattle from farmers and distributed them to several markets. Moreover, slaughter traders elevated the values by chopping the meat into a consumable size. Profits earned by each marketing institutions varied, depending on to what extent they emitted enterprises to elevate the additional use values of beef cattle.

Table 2. Marketing Channel Margins Before and During the COVID-19 Pandemic

Marketing Channel	Before the Pandemic	During the Pandemic	Description
SP I	0	0	SP = MP
SP II	4,000,000	8,000,000	SP ≤ MP
SP III	5,000,000	6,000,000	SP ≤ MP
SP IV	3,000,000	4,000,000	SP ≤ MP
SP V	2,000,000	4,000,000	SP ≤ MP

The margin of Marketing Channel I before (SP) and during the COVID-19 pandemic (MP) was 0 (zero) due to no marketing costs spent. The margin was different from other margins of other marketing channels owing to marketing cost rates. The higher the marketing margins, the smaller the cost spent, whereas the lower the marketing margins, the higher the marketing cost spent. Marketing Channel III had the least different margins before and during the COVID-19 pandemic. Meanwhile, Marketing Channel IV and V had the least margins. Contrastively, Marketing Channel II had the highest margins during the COVID-19 pandemic. Two margins had similar values before and after the COVID pandemic. Despite the similarity, they were still different because of the following issues.

1. More cattle were bought during than before the COVID-19 pandemic.
2. The pandemic bred a decreasing trend in the number of consumers who would directly purchase cattle due to the prohibition on holding events in which people would likely to gather.
3. The meat was sold at IDR100,000/kg before the pandemic but at IDR120,000/kg during the pandemic.
4. Traders needed to spend other additional costs because they had to collect cattle from collectors and feed them. The cattle had not been slaughtered yet, considering the assumption of few people wanting them, and hence the cattle would stay with traders for approximately three days.
5. Traders should also account for other costs, such as workers and meat distribution.

C. Profits Earned by Marketing Channels

Table 3. Profits Earned by Marketing Channels Before and During the COVID-19 Pandemic

Marketing Channel	Before the Pandemic	During the Pandemic	Description
SP I	9,950,000	8,950,000	SP ≥ MP
SP II	5,175,000	6,725,000	SP ≤ MP
SP III	8,505,000	10,005,000	SP ≤ MP
SP IV	8,145,000	9,645,000	SP ≤ MP
SP V	5,950,000	7,950,000	SP ≤ MP

Marketing channels earned discrete profits before and during the COVID-19 pandemic. Marketing Channel 1 earned the highest profit and was followed by Marketing Channel III, IV, V, and II. During the COVID-19, all marketing channels apparently earned higher profits than that before the pandemic. During the pandemic, Marketing Channel III earned the highest profit and was consecutively followed by Marketing Channel IV, I, V, and II.

Marketing Channel I earned higher profits before the pandemic since the number of cattle bought at that time was higher. In contrast, the other marketing channels earned higher during the pandemic owing to lower costs they had to spend.

D. Marketing Efficiency

Efficiency, by definition, constitutes efforts in using the least input to achieve the largest production. Once you had determined to include efficiency in an analysis, a new variable, i.e., price, should be added. Accordingly, there were two subjects which should be concerned prior to efficiency, namely enhancing transformation between input and output and comparing the input price and output price as an enterprise to achieve the indicators of efficiency. Another perspective conveyed that efficiency was a measure of productivity, while efficiency constituted a comparison between output and input elements. If the comparison result was above 1 (one), a marketing channel was considered productive. However, when the result was lower than 1 (one), a marketing channel was unproductive.

Table 4. Marketing Channel Efficiency Before and During the COVID-19 Pandemic

Marketing Channel	Before the Pandemic	During the Pandemic	Description
SP I	0.41%	0.5%	Efficient
SP II	7.0%	3.43%	Inefficient
SP III	4.12%	4.12%	Inefficient
SP IV	2.95%	1.25%	Inefficient
SP V	0.62%	0.05%	Efficient

Before and during the COVID-19 pandemic, Marketing Channel 1 and V were efficient, whereas the three others were not. Those which were inefficient

had a percentage of more than 1% when efficiency meant the marketing channel had a percentage of less than 1% because of small marketing costs spent with a high purchasing price. Meanwhile, inefficiency meant high marketing costs with a low purchasing price.

Marketing Channel I, before and during the pandemic, was efficient. However, the efficiency rate during the pandemic was higher than that before the pandemic (0.5% > 0.41%). The dissimilarity occurred due to low maintenance costs during the pandemic. Regardless of the high purchasing price before the pandemic, Marketing Channel 1 could retain its efficiency as the efficiency percentage was less than 1. This was in accordance with Rahmi and Hastuti (2007) that marketing efficiency could be achieved if marketing could be suppressed, allowing traders to earn more marketing profits, averting extremely different costs paid by consumers and producers, and providing physical facilities for marketing and healthy market competition.

Moreover, Marketing Channel II, both before and during the pandemic, was inefficient. The efficiency rate before the pandemic was 7.0%, higher than that during the pandemic, i.e., 3.43%. The phenomenon happened as a result of higher cattle selling price before the pandemic. Despite the different maintenance costs, farmers had the same profits. Marketing Channel II demonstrated different states before and during the pandemic. It was in a short pattern, excluding inter-island traders, during the pandemic. Moreover, before the pandemic, it involved the excluded traders, bringing on a high selling cattle price experienced by consumers. This then caused an inefficient marketing channel as marketing costs were equal to the costs which had been spent.

Marketing Channel III had an unchanged but inefficient marketing pattern. The inefficiency was generated by a long marketing pattern and high costs spent to sell the cattle.

Similarly, Marketing Channel IV was also inefficient either before or during the pandemic. However, the efficiency rate during the pandemic was less than that before the pandemic (2.73% < 3.58%). The underlying factor behind the difference was high marketing costs spent as well as multiple marketing chains during the pandemic.

Meanwhile, Marketing Channel V continued to be efficient either before or during the pandemic. However, Marketing Channel V, during the pandemic, was more efficient by 0.05% than that before the pandemic, i.e., 0.62%. Despite the different percentages, the marketing channel remained efficient due to a short marketing channel and fewer costs spent.

CONCLUSION

Before and during the COVID-19 pandemic, Marketing Channel I was direct, whereas Marketing Channel IV was indirect. In regard to margins, Marketing Channel I had the same margins either before or during the pandemic, while the four other marketing channels had higher margins during the COVID-19 pandemic. Also, Marketing Channel I earned more profits before the pandemic than during the

pandemic. On the contrary, the other four marketing channels, namely Marketing Channel II, III, IV, and V earned higher during the pandemic. In relation to efficiency rates, Marketing Channel I and V were efficient before and during the pandemic but Marketing Channel II, III, and IV were not either before or during the COVID-19 pandemic.

RECOMMENDATIONS

As such, the government should cut retribution costs, allowing consumers to buy products at a more affordable price and escalating marketing efficiency during the COVID-19 pandemic. Additionally, traders will be more encouraged to determine cattle prices which do not burden farmers. Furthermore, consumers should opt for Marketing Channel I when intending to purchase cattle since the cattle will be more affordable.

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