

## **Marketing of Broiler Chicken at Animal Partners of Pt. Inti Tani Satwain Kendari City**

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### **Abstract:**

**Background:** *The production of broiler chickens is very popular consumers because the price is affordable as well has a high nutritional content. Commodity superior livestock in the poultry farming sector currently is broiler or so-called broilers. Broiler chicken is a type of poultry the result of a cross between chicken breeds has high productivity power producing meat. Besides, it has an important role in the life of society as source of animal protein. broiler chicken As a fast meat producer maintenance in rural areas or short enough to support the household economy.*

**Materials and Methods:** *The purpose of the research is to identify the pattern of broiler chicken marketing channels on pt partner farms. Inti Tani Satwa in Abeli sub-district and analyze the marketing margin of broiler chickens at each marketing agency as well as marketing efficiency on partner farms PT. Inti Tani Satwa. The location of the study was determined by purposive sampling and chose 5 respondents broiler chicken farmers, 5 respondents gatherers and 7 respondents retailers.*

**Results:** *The results showed the marketing channels in the partnership PT. Inti Tani Satwa Kecamatan Abeli Kota Kendari has 3 marketing channels. Namely, (1) partner farmers – partner companies – end consumers, (2) partner farmers – partner companies – collecting merchants – End consumers, and (3) partner breeders – partner companies – collecting merchants – retailers – End consumers.*

**Conclusion:** *the lowest marketing margin is found in marketing channels I (IDR. 6,000/kg), the highest channels are in marketing channels III (IDR. 15,286/kg), and the most efficient marketing channels are marketing channels I.*

**Key Word:** *Marketing; Broiler Chicken; Kendari City.*

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### **I. Introduction**

Livestock is an agricultural sub-sector that makes an important contribution in supporting the need for animal protein. Animal protein that the body needs is contained in livestock products in the form of meat, eggs and milk<sup>1</sup>. Along with the increase in population, the need for meat consumption tends to increase every year<sup>2,3,4</sup>. Broiler chickens, when compared to non-race chickens, have a short production cycle<sup>5</sup>. Growth is quite fast with high body weight<sup>6</sup>. Broiler chickens have good market prospects because people like them a lot<sup>7</sup>. Apart from being a provider of animal protein, it also has quite a potential if it is used as a source of livelihood for the community, especially in Kendari City.

Kendari City is the capital of Southeast Sulawesi Province with a population of 347,496 in 2019, consisting of 10 sub-districts, including Abeli District with a population of 26,890. The large number of residents is certainly a good market opportunity to sell broiler chickens. Kendari City in 2019 has a population of 806,600 broiler chickens and Abeli District has a population of 183,000 broiler chickens.

Increasing broiler production requires market information and market identification to find out where, how, when and to whom products are marketed<sup>8</sup>. The difference in selling prices at each marketing agency causes uneven marketing margins between marketing agencies which can lead to inefficient marketing channels<sup>9</sup>. Therefore, it is necessary to research the marketing analysis of broiler chickens on partner farms of PT. Inti Tani Satwa in Abeli District, Kendari City to observe channels and margins as well as marketing efficiency of broiler chickens on partner farms of PT. Inti Tani Satwa in Abeli District.

The purpose of this research was to identify marketing channel patterns for broiler chickens on partner farms of PT. Inti Tani Satwa in Abeli District, analyzed marketing margins for broiler chickens at each

marketing agency and analyzed marketing efficiency at partner farms of PT. Inti Tani Satwa in Abeli District. Thus, the benefits of research can provide data and information regarding the marketing of broiler chickens in Abeli District, Kendari City. In particular, in the broiler farming business with the PT. Inti Tani Satwa.

## **II. Material And Methods**

The research was carried out from October to December 2022 at broiler farms partnered by PT. Inti Tani Satwa in Abeli District, Kendari City. The object of research is broiler breeders partners of PT. Inti Tani Satwa and marketing agencies involved in the broiler marketing process. The research location was determined by purposive sampling based on the consideration of broiler farms partnering with PT. Inti Tani Satwa. In addition, the research location is strategic because it is near the center of Kendari City as a marketing place for broiler chickens. The research object was determined by census, namely broiler breeders partnering with PT. Inti Tani Satwa in Abeli District, as well as collectors and retailers to serve as research samples.

There were 22 research respondents consisting of 10 partner breeders, 5 collector traders, and 7 retail traders selling in Kendari City markets such as Baruga market, Anduonohu market and Mandonga market. The type of data collected in this research consists of primary data and secondary data. Marketing channel data and marketing agencies for broiler chickens are discussed descriptively, and marketing margins at each marketing agency use the formula<sup>10</sup>:

$$Mp = Pr - Pf \text{ or } Mp = Bp + Kp$$

Information:

Mp = Margin at marketing level (IDR/kg)

Pr = Price at consumer level (IDR/kg)

Pf = Price at producer level (IDR/kg)

Bp = Marketing costs (IDR/kg)

Kp = Marketing profit (IDR/kg)

Marketing efficiency analysis is calculated using the total marketing cost approach per product value marketed by the formula<sup>11</sup>:

$$EP = \frac{TB}{TNP} \times 100\%$$

TNP

Information :

EP = Marketing efficiency (%)

TB = Total marketing costs (IDR/month)

TNP = Total product value (IDR/month)

The decision rule for marketing efficiency is:

1. 0 – 33% = Efficient

2. 34 – 67% = Less Efficient

3. 68 – 100% = Not Efficient

## **III. Result And Discussion**

### **Broiler Marketing Channels**

The results of this study note that generally broiler breeders are harvested by partner breeders at the age of 25-28 days, but there is also harvesting above the age of 28 days. Chickens that are ready to be harvested by partner companies offer them to collectors, retailers and end consumers. The proof of taking chickens from the breeder is then submitted to the partner company. The core company provides sales proceeds to breeders after deducting sapronak credit payments. Based on the research conducted, it was obtained 3 marketing channels for broiler chickens at PT. Inti Tani Satwa Abeli District, Kendari City.

The schematic of the broiler marketing channel in Figure 1 shows that channels I, II, and III have long and short marketing channels. This certainly affects prices, costs, profits and marketing margins received by each broiler marketing agency. The longer the marketing channel for broiler chickens, the more marketing agencies it will go through, so that the price of chicken for the final consumer tends to be higher. Meanwhile, shorter marketing channels do not involve marketing agencies, so the price of chicken for the final consumer is lower.

There are also obstacles that are often faced by marketing agencies in marketing broiler chickens by collectors, including long distances that take hours to reach the final consumer so that the costs incurred increase, and retailers, including broiler chickens that are not sold out, will increase marketing costs. namely the cost of feed, and housing.

The results of research on partner breeders do not sell broiler chickens directly to end consumers, but partner breeders are required to sell the broiler chickens to partner companies at a contract price that has been determined and mutually agreed upon. Partner companies sell live broiler chickens to final consumers, collectors, and retailers who pick up broiler chickens ready for harvest at partner farms.

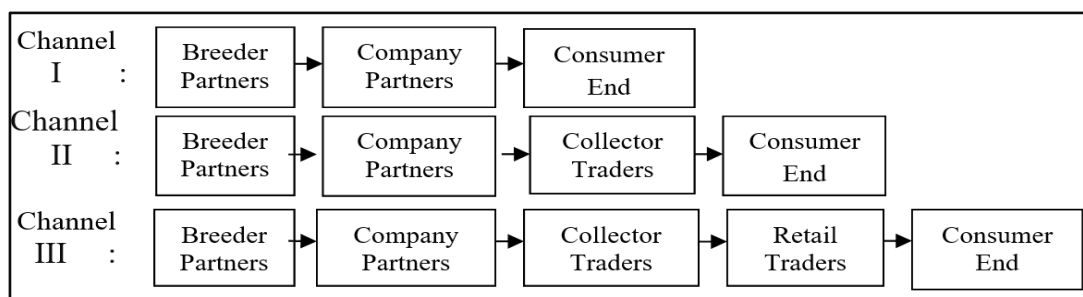


Fig 1. Broiler Chicken Marketing Channel Scheme at PT. Inti Tani Satwa

Marketing channel I is the shortest marketing channel, involving partner breeders, partner companies and end consumers. The final consumers who buy directly from the company are households, restaurants and industry, with a minimum purchasing capacity of 50 head. This marketing channel is more efficient when compared to channels II and III, because the marketing of broiler chickens is directly to the end consumer, so it does not go through intermediaries and the prices obtained are lower because the transportation costs are borne by the final consumers themselves. Marketing channel III shows that marketing of broiler chickens must go through several marketing agencies so that the price obtained by the final consumer is higher.

Marketing channel II is a marketing channel that involves partner breeders, partner companies, collector traders and end consumers. Collector traders buy broiler chickens from partner companies and sell live broiler chickens directly to end consumers (restaurants). The longer the distance and the more intermediaries involved in marketing, the higher the marketing costs and the greater the trading margin<sup>12,13</sup> states that the more intermediary traders involved in the marketing channel, the higher the price consumers have to pay.

### Broiler Marketing Margins

Marketing margin is an analytical tool that can be used to assess the marketing efficiency of a product. Marketing margin analysis is remuneration for marketing functions carried out by a marketing agency. The marketing margin for broiler chickens is the result of the sum of marketing costs and marketing profits, or the difference between the selling price and the buying price. The broiler marketing margin at PT. Inti Tani Satwa can be seen in Table 1.

Table 1. Broiler Marketing Margins at Each Marketing Agency

Description	Channel I			Channel II			Channel III		
	Price (IDR/kg)			Price (IDR/kg)			Price (IDR/kg)		
	Buy	Sell	Margin	Buy	Sell	Margin	Buy	Sell	Margin
Partner Breeders	-	18.000	-	-	18.000	-	-	18.000	-
Partner Company	18.000	24.000	6.000	18.000	24.000	6.000	18.000	24.000	6.000
Collector Traders	-	-	-	24.000	27.000	3.000	24.000	27.000	3.000
Retail Traders	-	-	-	-	-	-	27.000	33.286	6.286
End Consumer	24.000	-	-	27.000	-	-	33.286	-	-
<b>Total Margin</b>			<b>6.000</b>			<b>9.000</b>			<b>15.286</b>

Source: Processing results, 2022

Table 1. The marketing margin obtained in the research on channel I was IDR. 6,000/kg, which is the difference from the selling price of chickens by partner breeders of IDR. 18,000/kg to partner companies IDR. 24,000/kg. Channel II has a margin of IDR. 9,000/kg from partner breeders to collectors of IDR. 27,000/kg. Channel III, namely the difference in selling price of chickens from partner breeders to retailers IDR. 33,286/kg, with a margin of IDR. 15,286/kg.

The amount of marketing margin will be different for each marketing channel because each marketing agency has a different selling price<sup>14</sup>. The selling price for a commodity varies for each route<sup>15</sup>. This is because each route has different areas and marketing targets so traders buy at different prices according to the expected profit level<sup>16,17</sup>.

### Marketing Expenses

Efficiency can be assessed from the cost margin. The lower the marketing costs incurred, the more efficient the marketing channel. Marketing costs borne by marketing agencies, namely transportation costs, freight charges, labor, electricity, equipment depreciation. Equipment depreciation is obtained from the total price of the equipment used divided by the productive period of the tool. Intermediary traders incur costs in the framework of organizing marketing activities to consumers. The amount of marketing costs can be seen in Table 2.

Table 2. Average Broiler Marketing Costs at PT. Inti Tani Satwa

Description	Channel II		Channel III	
	Marketing Expenses		Marketing Expenses	
	(IDR/Month)	(IDR/Month)	(IDR/Month)	(IDR/Month)
<b>Collectors</b>				
Transportation	6.100.000	250	6.100.000	250
Freight Retribution	116.000	5	116.000	5
Labor	2.080.000	90	2.080.000	90
Shrinkage	703.825	31	703.825	31
<b>Total (A)</b>	<b>8.999.825</b>	<b>376</b>	<b>8.999.825</b>	<b>382</b>
<b>Retailer</b>				
Electricity			221.429	10
LPG Refills			58.714	3
Crackle bag			685.000	29
Rent			357.143	16
Feed			4.810.029	204
Ticket			98.571	4
Shrinkage			459.121	20
<b>Total (B)</b>			<b>6.690.006</b>	<b>285</b>
<b>Total cost (A+B)</b>			<b>15.689.831</b>	<b>661</b>

Source: Processing results, 2022

Table 2. can be seen the amount of costs incurred by marketing agencies in research locations. The lowest marketing costs are in channel II with a total monthly cost of IDR. 8,999,825 or IDR. 376/kg and the highest marketing costs are in channel III of IDR. 15,689,831 or IDR. 661/kg, obtained from the sum of the average marketing costs and the depreciation of equipment issued every month by collectors and retailers is IDR. 8,999,825 and IDR. 6,690,006. Marketing costs for broiler chickens on channel I are not taken into account because the final consumer buys the chicken directly from the producer.

### Acceptance and Profits

Revenue is the result of multiplying a number of production inputs with the unit price prevailing in the market. The acceptance referred to in this study is the result of multiplying the amount of production of broiler chickens and the prices prevailing at the research location<sup>18</sup>. Marketing advantage is the reduction of total revenue by total marketing costs. Marketing efficiency is achieved if the spread of income margins is evenly distributed in every institution involved in the marketing process, so that all institutions involved benefit from the marketing activities carried out<sup>19,20</sup>. The average acceptance and profit of each marketing institution at the study locations is presented in Table 3.

Table 3. Average Acceptance and Profits of Each Marketing Institution

Description	Reception (IDR/Month)	Cost (IDR/Month)	Profit (IDR/Month)
I	596.448.000	447.336.000	149.112.000
II	671.004.000	605.447.825	65.556.175
III	785.693.571	652.311.260	133.382.311

Source: Processing results, 2022

The number of chickens purchased per month is multiplied by the unit price of chicken per kilogram and the profit is derived from revenue minus costs. Channel I has a monthly marketing profit of IDR. 149,112,000, channel II of IDR. 65,556,175 and channel III of IDR. 133,382,311.

The marketing channel that has the highest profit is marketing channel III, and the lowest is marketing channel II. This is because marketing channel III has the highest revenue compared to marketing channel II. So that the profit earned every month is higher, which is IDR. 133,382,311.

### Marketing Efficiency

Marketing efficiency is how much sacrifice must be made in marketing activities to support the results that can be obtained from these marketing activities. Marketing efficiency can be calculated by the ratio of marketing costs divided by the value of products marketed which is then multiplied by 100%. The smaller the marketing efficiency, the more efficient the marketing channel. Efficiency of Broiler Marketing Channels at PT. Inti Tani Satwa can be seen in Table 4.

Table 4. Efficiency of Broiler Marketing Channels at PT.Inti Tani Satwa.

Marketing channel	Marketing Expenses (IDR/Month)	Product Value (IDR/Month)	Efficiency (%)	Farmer's share (%)
I	0	596.448.000	0	75
II	8.999.825	671.004.000	1	67
III	15.689.831	785.693.571	2	60

Source: Processing results, 2022

Table 4 marketing channels for broiler chickens at PT. Inti Tani Satwa on marketing channels I, II and III can be said to be efficient. This is influenced by the very low marketing costs incurred<sup>21</sup>. Efforts to improve marketing efficiency can be done by increasing marketing output or reducing marketing costs. Based on this, the most efficient channel is channel I with an efficiency value of 0%, because the marketing costs are borne by the final consumer, namely the sale of chickens from partner farmers-partner companies-final consumers with the lowest selling price of chicken compared to marketing channels II and III. If the value is 0-33% it is categorized as efficient, if the value is 34-67% it is categorized as less efficient, and if the value is 68-100% it is categorized as inefficient<sup>11</sup>. Efficiency can also be seen from the low marketing margins, the high percentage of farmer's share, and the benefits for the institutions involved, namely partner farmers and partner companies, even partners do not incur marketing costs<sup>22,9,23</sup>.

#### IV. Conclusion

Based on the results of the study, it was concluded:

1. The marketing channels contained in the partnership of PT. Inti Tani Satwa has 3 marketing channels, namely: (1) partner breeders-partner companies-end consumers, (2) partner breeders-partner companies-collector traders - final consumers, and (3) partner breeders-partner companies-collector traders-retailer-endconsumer..
2. The lowest marketing margin is in marketing channel I (IDR. 6,000/kg), the highest marketing margin is in marketing channel III (IDR.15,286/kg).
3. The most efficient marketing channel is marketing channel I.

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