

Marketing strategy of organic rice (Oryza sativa L.) in muhuran village, Kota Bangun sub district, Kutai Kartanegara Regency

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Marketing strategy of organic rice rice (*Oryza sativa* L.) in muhuran village, Kota Bangun sub district, Kutai Kartanegara Regency

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Abstract

Marketing strategy is the preparation of a comprehensive plan obtained through external and internal identification that can affect the marketing of organic lowland rice. The aim of this study was to determine the internal and external factors that affect organic lowland rice farming as well alternative marketing strategies for organic lowland rice in Muhuran Village, Kota Bangun sub District, Kutai Kartanegara Regency. The research was carried out from December 2020 to February 2021 in Muhuran Village, Kota Bangun sub District, Kutai Kartanegara Regency. The sampling method was carried out by purposive sampling. Data were analyzed using SWOT analysis. The results showed that the main strength is product development with a value of 78.50, and the main opportunity is customer selection with a value of 87.25. The closest strategic alternative is Strengths Opportunities (SO), which is to use strengths to take advantage of existing opportunities. The strategy is to maintain the quality of organic lowland rice in order to retain customers and enter a wider market segment, implement product innovation by utilizing existing technology, and request government assistance in increasing marketing activities and planning activities in developing the business. Identification of internal factors include capital structure, land area, rice quality, product development, type of planning, product capacity, planning ability, quality of human resources, transportation facilities, and promotion. Meanwhile, external factors are the ability to enter the market segment, use of technology, customers, government bureaucracy, policies regarding environmental economic and political conditions, customers, crop failure, product substitution, and the influence of fuel price increases.

Keywords: strategy, marketing, SWOT analysis, organic rice

Introduction

Food crops are an agricultural sub-sector that has a role in the Indonesian economy. The contribution of food crops to GDP shows that the share of agriculture is 10.28%. Rice is an important food crop as the staple food of the Indonesian people. Indonesian rice production reached 79,171,916 tons in 2016^[1].

Agricultural products are very useful in meeting the needs of the Indonesian people, especially food needs. Based on data from the Indonesian Central Statistics Agency in 2018, the level of rice consumption per capita showed a decline in 2017 by 114.6 kg capita⁻¹ year⁻¹, while in previous years it reached 124.89 per capita per year^[2]

Marketing has a very important function in connecting producers with consumers and providing great added value to the economy. states that there are nine kinds of marketing functions, namely planning, purchasing, selling, financing, communication, storage, standardization and grouping and risk bearing. As, the trade system is as important as production activities because without the help of the trade system, farmers will lose money because the goods they produce cannot be sold. The food distributor system from producers to consumers can consist of several marketing channels where each market player provides different services. The profit of each actor depends on the market structure at each level, bargaining position, and business efficiency of each actor^[3]. Data from the Central Statistics Agency in 2019 noted that the rice harvested area was estimated at 10.68 million ha with a production of 50.64 Mg of milled dry grain (GKG). If converted into rice, rice production in 2019 reached 31.31 million Mg. Compared to 2018, this rice production decreased by 2.63 million Mg (7.75%)^[4]. Meanwhile, the rice harvested area in East Kalimantan for the January-September 2018 period was 53.99 thousand ha. Taking into account the potential until December 2018, the harvested area in 2018 is 58.15 thousand ha. Rice production in East Kalimantan is 224.15 thousand Mg GKG, it is estimated that the total rice production in 2018 is 241.40 thousand Mg GKG. If it is converted to rice using the GKP conversion rate to rice in 2018, then the rice production is equivalent to 139.69 thousand Mg of rice^[5]. In Kota Bangun Subdistrict, all villages have considerable potential in contributing to the agriculture, livestock and fisheries sectors. One of the agricultural commodities cultivated by the community in Kota Bangun District is rice. In 2018 the total production of lowland rice in Kota Bangun District reached 15,538.46 Mg^[6].

Muhuran Village is a village that is included in the Kota Bangun sub District, in Muhuran Village there is an area

of about 158 ha of rice fields which is rainfed land, the land cultivated by farmers with an average organic rice production of about 2-4 Mg ha⁻¹, while The rice produced by farmers in Muhuran Village is known to be of very good quality, because farmers in Muhuran Village cultivate rice with an organic system which is carried out once a year ^[7].

Unlike the rice fields in other areas, the rice fields in Muhuran Village are located on the outskirts of the river, agricultural land in this area does not use chemical pesticides and chemical fertilizers in cultivating organic lowland rice, and uses biological pesticides. The area of land cultivated for organic lowland rice is about 204 ha. Organic rice farmers in Muhuran Village do not have a fixed marketing goal in marketing their organic rice harvests. Farmers only market their crops to middlemen at prices set by middlemen. Because in Muhuran Village itself has not yet established a partnership with a business (cooperative) in marketing organic rice, so farmers have no other choice but to sell their rice harvest to middlemen.

Research Methods

1. Location and Time

The research was carried out from December 2020 to February 2021 in Muhuran Village, Kota Bangun sub District, Kutai Kartanegara Regency.

2. Data Retrieval Method

The data collected are: (1) primary data, namely data obtained directly from respondents and also through interviews using prepared questionnaires; and (2) secondary data obtained from reports from related institutions such as the Central Statistics Agency, data from internet sites, scientific articles, and previous studies.

3. Sampling Method

The location of the research was determined by purposive sampling (deliberately). Site selection in Muhuran Village, Kota Bangun sub District, Kutai Kartanegara Regency. The number of members of the organic rice farmer group in Muhuran Village is 140 people from 9 farmer groups, the members of one farmer group are between 12-19 members, so the method of determining the sample is carried out using the proportional random sampling method. In random sampling, each farmer group in the population has the opportunity to be a sample, determining the number of samples using the Slovin formula, while the formula is as follows ^[8]:

$$n = \frac{N}{1 + Ne^2}$$

Notes: n= Number of samples; N = Total population, and e = error tolerance

Based on the calculation results, the number of samples is 34 respondents.

4. Definition of Variables and Measurement

The definition used to obtain a clearer understanding of what is being studied in connection with the concept has been put forward, then the variables can be explained as follows:

- Marketing is all efforts made by organic rice farmers to market their products to final consumers, in the form of harvested dry rice (GKP).
- Internal factors are weaknesses and strengths for organic lowland rice farmers including, capital structure, land area, rice quality, product development, type of planning, production capacity, planning activities, transportation facilities, quality of human resources, and promotion.
- External factors are opportunities and threats for the business of organic rice farmers which include: Ability to enter market segments, use of technology, customer selection, government bureaucracy, market demand, economic and political conditions, number of customers, crop failure, and the effect of rising fuel prices.
- SWOT analysis is carried out to analyze internal factors and external factors.

5. Data Analysis Method

The data analysis method used in this study is a research method that uses a qualitative approach, and a descriptive research ^[8]. The data analysis technique used, namely SWOT analysis, is used to formulate what strategies are appropriate to maximize strengths and opportunities, and simultaneously minimize weaknesses and avoid threats ^[9]. The results of the SWOT analysis will then be used to determine the strategy, there are four possible strategic alternatives (Table 1), namely:

Table 1: Matrix SWOT

EFAS	IFAS	
	Strength (S)	Weakness (W)
Opportunity (O)	STRATEGY SO Create strategies that use strengths to take advantage of opportunities	STRATEGY WO Create strategies that minimize weaknesses to take advantage of opportunities
Threats (T)	STRATEGY ST Create strategies that use strength to overcome threats	STRATEGY WT Create strategies that minimize weaknesses and avoid threats

Table 1 above can be explained that:

1. SO Strategy: a strategy that is made based on the way of thinking, namely by utilizing all strengths to seize and take advantage of opportunities.
2. ST strategy: a strategy in using the strengths possessed to overcome threats
3. WO strategy: this strategy is implemented based on the utilization of existing opportunities by minimizing existing weaknesses
4. WT strategy: this strategy is based on activities that are defensive in nature and try to minimize existing weaknesses and avoid threats [9].

Results and Discussion

General Description

Muhuran Village is one of the villages within the administrative area of Kota Bangun sub District, Kutai Kartanegara Regency. Marketing of grain from organic lowland rice is carried out by farmers through collectors, farmers usually market organic paddy to collectors who come to Muhuran Village, not a few also market unhulled rice to the nearest markets in Kota Bangun subDistrict or the night market that goes in Muhuran Village. Organic paddy sold in the market or to collectors is of good quality, and paddy paddy sold in the form of harvested dry grain (GKP) is sold at a price Rp.6.000 kg⁻¹. The total population of Muhuran Village is 681 people consisting of 361 men (53.00%) and 320 women (47.00%). The livelihoods of the population, namely: entrepreneurs (12.87%), farmers (48.92%), fishermen (24.24%), farm laborers (0.42%), craftsmen (12.55%), and civil servants (1.50%) [10].

Characteristics of Respondents

Based on the results of interviews conducted with 34 respondents of organic rice farmers in Muhuran Village, it can be obtained an overview of the characteristics of respondents, namely as follows:

a. Farmers group

Based on the classification of respondents, farmer groups consist of 9 farmer groups: Citarum (22 ha land area with 15 members), Alam Subur (26 ha land area with 16 members), Want Jaya (25 ha land area with 13 members), Karya Mandiri (land area 15 ha with 19 members), Want Prosperous (land area 22 ha with 15 members), Want Maju (land area 25 ha with 18 members), Tunas Muda (land area 23 ha with 12 members)), and Mekar Jaya (21 ha land area with 15 members).

b. Gender, age, and education level of respondents

Based on the primary data processed, according to the gender of the respondent's condition, namely: male (34 people) and female (0 people), based on age, the respondent's condition is: age 15-64 years (29 people) and age > 64 years (5 people); and based on education level, the respondent's condition are: elementary school graduate (27 people), junior high school graduate (7 people).

Organic Rice Field Marketing

Marketing of grain from organic lowland rice is carried out by farmers through collectors, farmers usually market organic paddy to collectors who come to Muhuran Village, not a few also market unhulled rice to the nearest markets in Kota Bangun District or the night market that goes in Muhuran Village. Organic paddy sold in the market or to collectors is of good quality, and paddy paddy which is sold in the form of harvested dry grain (GKP) is sold at a price of Rp. 6,000 kg⁻¹.

3

SWOT Analysis

SWOT analysis is the identification of various factors systematically to formulate company strategy. This analysis is based on logic that can maximize strengths and opportunities, but at the same time minimize weaknesses and threats. SWOT is used to assess the company's strengths and weaknesses and the external opportunities and challenges it faces. The SWOT analysis produces four possible alternative strategies, namely the S-O strategy, the W-O strategy, the S-T strategy, and the W-T strategy [11].

Identification of Internal Factors

Based on the identification of the internal conditions of organic lowland rice farming in Muhuran Village, information can be found, namely:

- a. Strengths include: initial capital, land area, rice quality, product development and type of planning.
- b. Weaknesses include: production capacity, planning ability, quality of human resources, transportation and promotion facilities.

Identify External Factors

- a. Opportunities include: ability to enter the market, use of technology, customer selection, government support, and market demand.
- b. Threats include: number of competitors, number of customers, crop failure, product substitution, and rising fuel prices.

Strategy Analysis

Matrix Compilation of Internal Strategic Analysis Summary (IFAS)

It is known that the internal factors of the marketing strategy of organic lowland rice in Muhuran Village, in this case are strengths and weaknesses, then carry out giving weights and ratings to each factor, giving these weights and ratings functions in the preparation of the internal matrix of strategic factors related to strengths, and weaknesses that are considered important. The weighted value obtained can provide an overview of the strategic factors that are the main strengths and weaknesses for marketing organic lowland rice. IFAS matrix is seen in Table 2.

Table 2: Matrix of Internal Strategic Analysis Summary

Key Factor	Weight	Score	Weighted Value
STRENGTH (S)			
1. Capital structure	25	3,47	69,40
2. Land area	20	3,08	60,80
3. Rice quality	15	2,26	33,90
4. Production increase	20	3,14	78,50
Types of planning	20	3,00	60,00
Amount	100	-	302,60
WEAKNESS (W)			
1. Production capacity	20	2,82	56,40
2. Planning ability	15	2,91	43,65
3. HR Quality	25	2,91	72,75
4. Transportation facilities	20	2,94	58,80
5. Promotion	20	2,85	57,00
Amount	100	-	288,60
S - W			14,00

Source: Primary Data (processed 2021)

Matrix Compilation of Eksternal Strategic Factors Analysis Summary (EFAS)

It is known that the external factors of the marketing strategy of organic lowland rice in Muhuran Village in this case are opportunities and threats, then weight and rating are given to each factor. Giving this weight and rating serves to compile an external matrix of strategic factors related to opportunities and threats that are considered important. The weighted value obtained can provide an overview of the strategic factors as the main opportunities and threats for marketing organic lowland rice. EFAS Matrix seen in Table 3.

Table 3: Matrix of Eksternal Strategic Factors Analysis Summary

Key Factor	Weight	Score	Weighted Value
OPPORTUNITY (O)			
1. Ability to Enter Market Segment	15	3,34	50,10
2. Technology Utilization	10	4,10	41,00
3. Customer Selection	25	3,49	87,25
4. Government Bureaucracy	30	2,63	78,90
5. Market demand	20	3,00	67,20
Amount	100	-	324,45
THREAT (T)			
1. Number of Competitors	25	3,44	86,00
2. Number of Customers	15	2,70	40,50
3. Crop failure	15	3,31	49,65
4. Product Substitution	30	2,62	78,60
5. Effect of Price Increase BBM	15	2,45	36,75
Amount	100	-	291,50
O - T			32,95

Source: Primary Data (processed 2021)

SWOT Analysis Chart

The internal strategic value of strength is 302.60 while the strategic value of weakness is 288.60 so that the strength of the organic rice farmer group has a higher score than the weakness. The external value for opportunity is 324.45 while for the threat the value is 291.50 so that the opportunity for organic lowland rice has a higher score than the threat.

Based on the weights obtained from internal factors and external factors, it can be seen the strategic position of

marketing organic rice in Muhuran Village. The strategic marketing position is analyzed using a position matrix, which will produce a coordinate point (Y, X), where the Y value is obtained from the difference between internal factors (Strengths - Weaknesses) and the X value is obtained from the difference in external factors (Opportunities - Threats).

Matrix of Eksternal Strategic Factors Analysis Summary IFAS

From the results of the IFAS matrix calculation carried out on the marketing of organic lowland rice in Muhuran Village, Kota Bangun sub District, Kutai Kartanegara Regency, the main strength is product development with a score of 78.50 where the development of this product will affect organic lowland rice farming, and if the business develops it can increase the competitiveness of products in the market. Meanwhile, the smallest strength of marketing organic lowland rice is the quality of rice with a score of 33,90.

Data taken in the field shows that the main weakness in marketing organic lowland rice is the quality of human resources (HR) with a score of 72.75. The lack of quality of human resources will affect in improving business and marketing. And the smallest weakness is planning ability with a score of 43.65. Overall, based on Table 7, it is known that the total score of internal factors in the organic rice strategy in Muhuran Village, Kota Bangun District, Kutai Kartanegara Regency shows that the marketing of organic lowland rice is in a condition that can be utilized based on its strengths based on research that can overcome weaknesses in general. optimal.

Matrix of EFAS

Based on the results of the EFAS matrix calculation carried out on the marketing of organic lowland rice in Muhuran Village, there are opportunities that are very supportive of organic lowland rice farming. The opportunity is the selection of customers with a value of 87.25. Where customer selection can be an opportunity for farmers to increase competitiveness in the demand for organic lowland rice, and the smallest opportunity with a value of 41 is the use of technology, where the use of technology in the form of social media is an opportunity for farmers to market organic lowland rice.

While the main threat in marketing organic lowland rice is the number of competitors with a value of 86. Because every year there will be many new competitors so that it becomes a threat to organic lowland rice farmers, and the smallest threat is the number of customers with a value of 36.75.

Overall, based on Table 3, it is known that the total score of external strategic factors in the marketing strategy of organic lowland rice in Muhuran Village, Kota Bangun sub District shows that marketing of organic lowland rice is in a condition of being able to take advantage of the opportunities that are owned based on the results of being able to overcome threats optimally.

SWOT Matrix

In Table 2 the SWOT matrix in marketing organic lowland rice in Muhuran Village there are 4 alternative parts of the marketing strategy, namely:

a. SO Strategy

With a strategy that uses strength to take advantage of an opportunity, the alternatives are as follows:

1. Maintaining the quality of organic lowland rice in order to retain customers or consumers and be able to enter a wider market, and maintaining the quality of organic lowland rice is carried out by farmers by using their strengths.
2. Product development by utilizing existing technology or currently developing so that it can produce processed products that will increase competitiveness in the marketing of organic lowland rice.

b. ST Strategy

This strategy is in order to use the strengths possessed by farmers to overcome threats.

Retain customers by maintaining product quality in order to anticipate business competition, and maintain quality organic lowland rice.

c. WO Strategy

This strategy is implemented based on the utilization of existing opportunities by minimizing existing weaknesses, namely:

1. Utilization of technology to carry out promotional activities, so that it can reach a wider market and increase sales of organic lowland rice.
2. Requesting assistance from the government to conduct training to improve human resources, this is very important to do considering the quality of human resources for organic rice farmers is still low.

d. WT Strategy

This strategy is based on activities that try to minimize existing weaknesses and avoid threats, increase organic lowland rice production in developing marketing and optimize the use of agricultural production facilities in the form of organic pesticides.

Marketing strategy is basically a comprehensive, integrated and unified plan in the field of marketing, which provides guidance on activities to be carried out to achieve a company's marketing objectives^[12]. In other words, a marketing strategy is a set of goals and objectives, policies and rules that guide marketing efforts over time. Therefore the determination of marketing strategy must be based on environmental and internal analysis through analysis of strengths and weaknesses, as well as analysis of opportunities and threats faced by the company.

Farmers in Muhuran Village use a rain-fed agricultural system as a source of water, this is one of the internal factors of weakness as well as a threat due to high rainfall and causing flooding. Marketing strategy is an effort to market and introduce a product or service to the public. By using a well-thought-out plan to achieve the desired goals or objectives and increase sales, marketing is said to be a link between producers and consumers. The results of observations with 34 respondents indicate that the marketing strategy in Muhuran Village is influenced by two factors, namely: (1) internal factors, namely strengths and weaknesses, which become the main strength factor is an increase in production that can affect the smooth running of a business. and the weakness is human resources due to the low level of farmer education which affects the understanding of the use of technology functions in carrying out marketing; and (2) external factors, namely opportunities and threats, which are the main opportunities, namely: customers who are in the market in the sub-district or outside Muhuran Village, and have their own customers who come from neighbors, threats, namely new competitors. and from these two factors it can be seen that farmers in Muhuran Village in carrying out marketing strategies are quite strategic, this happens because there are still many farmers who must be guided/directed by local extension workers in marketing their organic lowland rice, especially in understanding the use of technology as information and promotion. The results of this study are inversely proportional to the results of research reported^[13] that the marketing strategy of organic rice in the Sri Makmur farmer group in Sragen Regency has not been successful in marketing. This is reflected in its very low sales. The Sri Makmur farmer group does not carry out marketing well. Both the Sragen Regency government through the Extension Implementation Agency (BAPELLUH) Sambirijo Sub-district as the companion of the go organic program, and the Sri Makmur farmer group itself are not ready to face this problem in the marketing sector due to the large number of new producers that have sprung up making the Sri Makmur farmer group unable to compete not from the market. in terms of quality but in terms of location.

Conclusions and Recommendations

Conclusion

Based on the results of research and discussion, the following conclusions can be drawn:

1. The marketing strength of organic lowland rice in Muhuran Village is that product development will affect the competitiveness of production in the market.
2. Weaknesses of marketing organic lowland rice, namely the quality of human resources of farmers who are still relatively low which can affect the understanding of the use of technology in the field of marketing of organic rice.
3. Marketing opportunities for organic lowland rice are customers who are in the market in the sub-district or outside Muhuran Village, and have their own customers who come from neighbors. With so many customers, the demand for organic rice will increase.
4. The threat of marketing organic lowland rice in Muhuran Village is the number of competitors for rice farmers, and crop failures that occur during high rainfall.
5. A suitable strategy for marketing organic lowland rice in Muhuran Village is to use the SO strategy by maintaining the quality of organic lowland rice to be able to retain customers and enter a wider market segment, as well as increase production by utilizing existing technology, and ask the government for assistance in increase productivity through intensification of organic paddy fields.

Suggestion

Suggestions that can be put forward are as follows:

1. The government, especially in Muhuran Village, should pay more attention to the form of organic farmers in the form of developing a marketing system for organic lowland rice, providing facilities and infrastructure such as special irrigation facilities for organic land, providing grain grinding machines, drying grain places, and assisting the certification process.
2. Organic rice farmers in Muhuran Village should optimize in increasing organic lowland rice production, this aims to increase the income of organic lowland rice farmers, and carry out farming records and analysis for planning and evaluation.

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