

ANALYSIS OF ADDED VALUE AND MARKETING EFFICIENCY OF BROWN SUGAR PRODUCTS IN MALANGGA SMALL AND MEDIUM ENTERPRISES, GALANG DISTRICT, TOLITOLI REGENCY

Ardiyanti ✉

¹ Management Studies Program, Mujahidin College of Economics

Abstract

This study aims to: 1) To find out the added value produced by farmers in brown sugar processing products in Malangga Village, Galang District, Tolitoli Regency, 2) To find out the level of marketing efficiency related to marketing margin, farmer's share and the ratio of profits and costs of brown sugar processing products in Malangga Village, Galang District, Tolitoli Regency. This study uses a qualitative research type to explain the variables studied by involving 11 key informants who are directly involved from the brown sugar processing process to its distribution to consumers which are taken by purposive sampling techniques. The results of the study show that: 1) Processing sap water into brown sugar causes added value to the palm commodity. Added value can be in the form of added value to the product, where raw materials that were originally raw materials from the processing process can be used so that they have more economic value; 2) The four marketing channels of brown sugar are classified as very efficient, each marketing channel gets a greater profit than the cost.

Keywords: *Added Value; Marketing Efficiency; Brown sugar.*

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✉ Corresponding author :

Email Address : ardiyanti2330@gmail.com

INTRODUCTION

Added value is the increase in the value of an item that occurs from processing, storage, or transportation in the production chain. According to Hayami et al (1987), added value is defined as an increase in the valuation of a commodity due to the application of functional inputs to that commodity. These functional inputs include shape change (form usability), place displacement (place use), and storage (time utility).

Added value represents compensation for labor, capital, and management contributions. In addition to providing added value, marketing effectiveness is also an important factor to consider. Kotler, Philip (2012) explained that marketing efficiency involves the process of distributing products from producers to consumers at a lower cost and time, without sacrificing product quality.

Learning value-added analysis and marketing effectiveness is a key element that determines whether brown sugar can reach the end consumer effectively and efficiently. A long marketing chain is one of the factors that can reduce the profit margins received by producers at the local level. Often, limited access to the market, uneven distribution, and the dominance of middlemen cause the profits earned by farmers to be much lower than the market fees paid by the end consumers. This creates significant price disparities and hinders the improvement of farmers' welfare.

Malangga Village is one of the areas that produces brown sugar, precisely in Tolitoli Regency, Galang District. In the red production process carried out by the residents of Malangga Village, sap water is used, which comes from palm trees. Before sap was processed into brown sugar, the people of Malangga Village initially only used sap water for the production of sapur water, which is a traditional fermented drink. However, changes in village policies triggered by the change of village heads, as well as the ban on producing sager water, prompted the community to switch to processing sap into brown sugar. This change is not only in line with efforts to improve the community's economy, but also supports the creation of products that are more value-added and have better market prospects.).

Based on the description above, the researcher is interested in conducting a research entitled "Analysis of Added Value and Marketing Efficiency of Brown Sugar Products in Small and Medium Enterprises in Malangga, Galang District, Tolitoli Regency". Based on the above background, the main problems are: 1) How is the added value generated by brown sugar SMEs in Malangga village?; 2) How is the level of marketing efficiency related to marketing margin, farmer's share, profit ratio, and processing costs of brown sugar products in Malangga SMEs?

METHODOLOGY

The research used is a qualitative approach where this research method is carried out to achieve the facts in the field and obtain information about the added value and efficiency of brown sugar marketing in Malangga. Data was obtained through interviews with several farmers, collectors, traders, industrial consumers, and household consumers.

RESULTS AND DISCUSSION

In the process of processing sap water into brown sugar, it provides added value to the sap commodity. This added value can be seen in the products produced, where the raw material is raw sap water through the processing process into brown sugar, so it has a higher economic value.

The output of brown sugar produced in Malangga Village is classified as quality, with a sweet sap water content. The quality of this product reflects the efficiency in the use of input factors during the production process, thus contributing to the increase in the selling value of the product in the market."

The added value produced from brown sugar processing is relatively good, which is 43% of the output value. The added value obtained is used to pay for labor costs and owner profits.

The margin distributed to the benefit of employers is the largest share when compared to direct labor income and other input contributions. This shows that brown sugar production activities carried out by brown sugar processing farmers in Malangga village have reached a good level of business profits.

These four brown sugar marketing channels are classified as very efficient, each channel member gets a greater profit than the cost.

Marketing margin: The marketing channel with the lowest marketing cost and total margin in the brown sugar supply chain is channel 4 because the brown sugar products distributed come from farmers directly to household consumers with a fixed selling price of Rp20,000/kg. The disadvantage of channel 4 is that it cannot be implemented continuously due to the very limited number of purchases. The highest total margin is found on channel 1 with a total margin of IDR 8,000/kg and a total profit of IDR 2,900/kg.

Farmer's Share: The highest farmer share value is located in channel 4 which is 100%. This is because the selling price of farmers and consumer buying prices are the same, but channel 4 cannot be said to be efficient because the total profit from the buying and selling activities does not exist.

Profit and Cost Ratio: The value of the highest profit-to-cost ratio is found in wholesalers with the highest total ratio value owned by channel 3, which is 3.58. This is because price information and sales objectives are most kept secret by wholesalers. The lack of information makes other marketing agencies not intend to enter the segment.

According to Steven and Downey, marketing efficiency is a measure of productivity in the marketing process, which is how the resources used are converted into optimal output. Mubyarto added that in the context of agricultural commodities, marketing is considered efficient if:

- a. Can provide results from farmers' production to the end consumer at a low cost.
- b. Can distribute the cost paid by consumers fairly among all participants in production and marketing.

CONCLUSION

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