

Marketing Distribution of Cacao Agropolitant in Pohuwato-Indonesia

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Abstract: This research aims to find and develop model that can be applied to increase Cacao production through the implementation of agropolitant technology and Cacao marketing distribution in Pohuwato Regency. The research used qualitative descriptive approach that processed through data analysis technique including data reduction, data display and conclusion drawing. This research showed that: Cacao marketing technique that applied by Cacao farmers in Pohuwato were conducted both direct and indirect technique. Factors that determined the success of Cacao marketing distribution channel development were through joint commitment of farmers in developing good marketing distribution channel, appropriate marketing system and the availability of sufficient business capital. Model for the appropriate Cacao marketing distribution channel was through improvement and increasement both Cacao quality and quantity, the development of regional owned enterprises (BUMD) as organization which able to accommodate and conduct marketing for Cacao production, the development of online marketing system in Cacao marketing. Cocoa productivity in Pohuwato has increased every year so that required the development of marketing distribution channels are structured properly so that the results obtained by cocoa farmers can be maximized and can be one of the leading industrial sectors in the regions.

Key words: Cacao, agropolitant, distribution, marketing technique, Pohuwato

INTRODUCTION

Saying about national development cannot be separated from the development of agropolitant industries where those industries become one leading sector for Indonesian government (Aristeus, 2014) in developing micro-small-medium enterprises (UMKM). In facing Asean Economic Community (AEC) that been established by Indonesian government since early 2015 (Mandala, 2014) reinforcement in small and medium industry sector (Malau, 2014) becomes a must that should be implemented by people, thus the involved elements should be more effective, efficient and professional.

Pohuwato Regency is one area in Gorontalo Province which has interesting solution in improving regional development where Cacao agropolitant can be reliable sector (Lybbert and Sumner, 2012). According to data from investment coordinating board (BKPM) total Cacao production in 2013 was 6287 tons and keeps increasing in each year. It is necessary to give direction and counseling for farmer groups (Ton *et al.*, 2015) as industries that manage this agropolitant in order to understand and master Cacao agricultural and plantation technology appropriately (Stevenson *et al.*, 2014) thus it will affect to the increasing of Cacao production. Besides that, official channel for Cacao distribution needs high and directed monitoring from regional government of Pohuwato Regency in order to maximize the income from Cacao sector.

Cacao productivity level in Pohuwato has increased quite significantly. The increasing of Cacao production has led to the improvement of standard Cacao production number in Pohuwato Regency to be 1.27 tons/ha. This number is over standard Cacao production number in gorontalo province which is 0.8-1 ton/ha. However, if it is compared with national standard Cacao production number which is 2 tons/ha then Cacao production in Pohuwato Regency is still under national standard Cacao production number (plantation office of gorontalo province, 2012). Many efforts has been conducted by regional government to increase (Laurance *et al.*, 2014) Cacao production to reach national standard number, one of the efforts is by applying agricultural and plantation (agropolitant) system technology through structured marketing channel (Berthon *et al.*, 2012) of village owned enterprises BUMDES.

MATERIALS AND METHODS

This research was conducted in Pohuwato Regency Gorontalo Province to the Cacao farmer groups across 3 districts-Patilanggio, Randangan and Taluditi Districts. This research was conducted using qualitative descriptive method (Poh *et al.*, 2014) and case study approach (Barlish and Sullivan, 2012) where the researcher studied phenomena that occurred to the Cacao farmers in Pohuwato Regency and the researcher was main instrument in the research data collection. In this research,

data source came from: primary data source which is data that collected from research informants. In this case, primary data source was policy maker apparatus (government) and policy target (cacao farmers); secondary data source which is all data, documentation/publication and research report from research location that relevant with the research focus. To collect data, this research used data collection technique of observation, interview and documentation.

Data analysis: Data validity technique was conducted by (Miles, 1992): observation extension; the improvement of research diligence in observation and interview; source and method triangulation; Focus Group Discussion (FGD). Field data was analyzed descriptively by using theory of study literature.

RESULTS AND DISCUSSION

The development of Cacao production in Pohuwato

Regency: The effort to increase Cacao production in Pohuwato Regency had been conducted since the establishment of national movement policy (gernas) of Cacao production and quality improvement through the use of agricultural and plantation (agropolitant) system technology in 2010 and 2011. Basically, many farmer empowerment programmes had been conducted through this national movement policy (gernas) of Cacao which affected to the increase of Cacao production and quality. Data of Cacao area and production for the last 5 years can be seen through (Table 1).

Data above shows that Cacao production in Pohuwato Regency tends to increase since the establishment of national movement policy (gernas) of Cacao. It was proven from the increase of Cacao production in Pohuwato Regency.

Marketing distribution channel of Cacao in Pohuwato

Regency: The development of Cacao marketing distribution channel was one effort that conducted to increase Cacao farmer income in Pohuwato Regency. Marketing distribution channel (Rambocas *et al.*, 2015) of Cacao that applied by farmer groups in Pohuwato Regency as follow: direct marketing distribution channel

of Cacao was conducted by Cacao farmers where the farmers conducted direct selling of Cacao production to the broker (dealer) or exporter.

The broker or exporter came directly to the farmer's land or plantation during harvest time or bought Cacao that was drying in front of farmer's home. It was affirmed by (SPR, 47 years old) one of farmer group leaders in Taluditi village that.

"During the harvest time, farmers directly met by broker in which their Cacao is bought while it is in drying process or in picking-up process. This trend of Cacao direct selling to the brokers that conducted by farmers result in very low price for farmers. Indeed, there is an attempt of framer groups to collect Cacao production from its members; however there is capital limitation and finally the farmer groups can do nothing. It makes Cacao production cannot be organized and collected in group level. Absolutely, it is the weakness of farmer group members who tend to earn money from Cacao selling quickly although, the price is out of standard (lower price)".

The statement above was in line with information that stated by (ST, 49 years old), secretary of agriculture and plantation department in Pohuwato Regency that argued.

"Sometimes price of Cacao production in farmer level is still low. Usually, farmers distressed by their daily needs and tend to sell their Cacao quickly in the harvest time although the Cacao still unprocessed such as it is not fermented or even dried. However, the farmers have sold their Cacao directly to the brokers that come to farmer's plantation. These phenomena mostly occurred in farmer level, thus it is necessary to develop marketing distribution channel in farmer group level. If the production is collected by farmer group and then sell it collectively, indeed, farmers will gain better price. However, most of farmers have more willingness to sell their Cacao directly towards brokers that come directly to the farmer's plantation. It is due to the farmers want to earn money from Cacao selling fast" (Anonymous, 2012).

Information from both informants above showed that marketing distribution channel of Cacao could also be conducted directly by Cacao farmers. In this case, the farmers directly conducted transaction of Cacao selling without using trading medium service. This reality that found by the researcher could make either good or bad result to the Cacao price in farmer level. From positive side, farmers might earn money from Cacao selling quickly. However, its negative side could be seen from Cacao price that gained by farmers where the price, sometimes, out of standard or less standard from market

Table 1: Cacao area and production in Pohuwato Regency 2011-2015

Years	Area (ha)	Production (ton)
2011	4,896.39	6,270.65
2012	4,896.39	6,270.65
2013	5,399.35	7,187.29
2014	5,277.25	5,069.30
2015	5,689.00	7,397.00

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price. Therefore, it was necessary to assist Cacao farmers in order to gain standard price from Cacao selling. Indirect marketing distribution channel of Cacao. It was implemented by using service from the third party (trader) or village owned enterprises (BUMDes) which would collect Cacao production from farmers.

Other phenomena that occurred in Cacao marketing were the role of farmer group in collecting Cacao production from its members. In this case, farmer groups coordinated or organized its members to collect Cacao production and sell it collectively. Farmer groups conducted setting towards harvest process and product processing (fermentation or drying) in a good way and also sold the Cacao production with standard price of exporter or trader level. This reality was in line with argument that stated by (ST-52 years old) one of village leaders in Taluditi district, he argued that: "many independent Cacao farmer groups try to organize harvest and post-harvest process to their members. Cacao production in these groups is collected and will be sold collectively to the trader or exporter. It is conducted to keep the stability of Cacao price in farmer level. This type of farmer group is really needed in order not to make farmers conduct individual selling which results in out of standard Cacao price".

The same thing also mentioned by head of taluditi district who explained that: "trend of farmers who conduct direct selling to the brokers, honestly, is not a good point. Cacao price will be out of standard (decrease) and of course it is only profitable for the broker side. Therefore, the role of farmer group or village owned enterprises (BUMDes) is really needed in which those third parties can accommodate and organize Cacao production from farmers. Actually, regent's instruction in each meeting is very clear where the instruction is to develop BUMDes function as organization that can accommodate or collect and sell Cacao production from farmers. The existence of BUMDes as organization can be used to develop village potentials, especially to collect Cacao production and sell it with standard price to the trader or exporter. It is absolutely very expected to increase people income" (WZ, 22 years old, May, 2016).

Information from both informants above showed that Cacao marketing distribution that implemented by farmer group could be conducted indirectly through the role of third parties. In this case, Cacao production was collected by farmer groups or village owned enterprises (BUMDes) and would be sold collectively to the trader or exporter. This indirect Cacao marketing process was

expected to increase Cacao price that would be gained by farmers and could improve Cacao farmer's welfare.

Factors that determined the success of Cacao marketing distribution channel development in Pohuwato Regency:

Factors that determined the success of Cacao marketing distribution channel development in Pohuwato Regency as follow: joint commitment among Cacao farmers in developing good marketing distribution channel.

Commitment in an implementation process of public policy is one thing that really crucial (Franks and Vancley, 2013). Related to the effort of Cacao marketing distribution channel development, commitment was much needed. Commitment here was joint commitment from Cacao farmers to be truly conducted the effort of Cacao marketing distribution channel development. The role of joint commitment from Cacao farmers to develop Cacao marketing distribution channel stated by (MY-44 years old), one of farmer group leaders in Taluditi district who affirmed that: "the effort of Cacao marketing distribution channel development must be supported by the whole farmer group members. Joint commitment must be developed and each party must try to implement the established agreement in order to the success of those farmer groups. For example, commitment of harvest and post-harvest management pattern, how to do good marketing then it will benefit the farmer groups. By the establishment of this commitment, it is expected that during the great harvest (usually on April-August) the Cacao production will gain standard price and Cacao farmers can increase their income".

The explanation above was in line with (WN, 55 years old) chief of agricultural, fishery and forestry counseling office (BP3K) in Taluditi district who stated that: "the development of Cacao marketing distribution channel needs joint agreement and commitment from all farmer groups. In the great harvest, usually there will be abundant Cacao production and it is an opportunity for farmers to gain appropriate income. Therefore, farmer group leaders must develop joint commitment with all its members to conduct Cacao selling through the third parties (farmer groups or BUMDes) as organization to collect Cacao production from farmers. The role of farmer group leader and supports from the members really determine its success. Thus, it is expected that Cacao production can be marketed as with standard price in exporter level as well as the farmer will gain profit".

The information above was in line with actual phenomena where farmer groups tried to facilitate its group members in collecting Cacao production. This

reality was found by researcher in the great harvest time in which there was abundant Cacao production and needed an effort to develop good marketing distribution channel. By this joint commitment among farmers, especially in managing Cacao marketing, it was expected that the created marketing distribution channel would be better and could guarantee price standard in farmer level. Therefore, it could be said that joint commitment among farmers could determine the success in Cacao marketing distribution channel development. In this case, commitment became the important part as an effort to increase Cacao selling price through the improvement of marketing distribution channel, thus it would increase Cacao farmer's income.

The appropriate Cacao marketing system: Marketing system was tools or components that used to market Cacao production. These components were also integrated and had related interaction and support each other in Cacao marketing activities. The availability of sufficient capital business and used to collect Cacao production.

Modal was one factor that determined the success of Cacao marketing distribution channel development. In this case, modal were a number of funds and facilities that used to support Cacao marketing activities. For the farmer groups that tried to collect Cacao production from its members, capital fund was really needed to pay Cacao production from its members before the Cacao production marketed or bought by trader or exporter. For farmer groups that owned ability of cash money which available to pay Cacao from its members, then the capital should be well-managed in order to make the farmer groups able to buy and collect Cacao production from the whole member.

Supports from regional government policy: Regional government policy (Sternberg, 2014) that established to regulate Cacao marketing system in farmer level was much needed. Content of policy that established by regional government could be marketing system, selling-purchasing requirements, standard price of Cacao and other regulations that must be complied by marketers, thus it could protect Cacao farmers.

The appropriate Cacao marketing distribution channel model which could be developed and applied by farmer groups in marketing Cacao production in Pohuwato Regency: The development of this Cacao marketing

distribution channel (Alawi and Bradley, 2013) model based on the attempts of quality and quantity improvement of production, system and organization that used in that Cacao marketing. Description of Cacao marketing distribution channel model that could be developed as follow: the improvement of Cacao quality and quantity that produced by farmers. To be able to develop Cacao marketing distribution channel that appropriate with Cacao farmer group condition in Pohuwato Regency, then the first step was conducting improvement of Cacao quality and quantity that produced by farmer groups.

In the previous year, this attempt had be conducted since the establishment of national movement policy (gernas) of Cacao that started to be implemented at Pohuwato Regency in 2010 and 2011. The implementation of agricultural and plantation technology which included in the programme of national movement policy (gernas) of Cacao had significant effect to the improvement of cultivation pattern, maintenance technique and harvest and post-harvest technique that conducted by farmer groups. Although, the mastery and implementation of agricultural and plantation technology was less maximum, however it had encouraged the improvement of Cacao quality and quantity. Many farmers had ability to implement agricultural and plantation technology in their Cacao land. It was in line with the statement from one of farmer group leaders in taluditi district who stated that: "after national movement policy (gernas) of Cacao and many empowerment programmes of Cacao farmer are conducted, there is an improvement of Cacao farmer's knowledge. I, personally, see that members of Cacao farmer group that I led have implemented cultivation, maintenance, harvest and post-harvest technique as with the training from counselor. Sure, it affects to the increase of Cacao production in each year. And it must be supported by good marketing, thus it should be solved how to develop the appropriate marketing channel development that can support the increase of people income" (Srj, May, 21th 2016).

The same thing also stated by head of plantation section of agriculture and plantation department in phuwato regency that: "to develop good Cacao marketing, it should be supported with the improvement of Cacao quality and quantity. Many programmes that been implemented during national movement policy (gernas) of Cacao or other empowerment programmes have been able to improve farmer skill in applying good agricultural and plantation technology. It is absolutely will be followed by the improvement of Cacao production and

quality. And the follow up is how to market the Cacao production to achieve standard price as the Cacao quality” (RH, May, 21th 2016). Based on the information from both informants above, it could be affirmed that the improvement of Cacao production and quality as the effect of national movement policy (gernas) of Cacao implementation should be followed by the effort if Cacao marketing. The development of marketing distribution channel was very necessary to support the effort to increase Cacao farmer’s income. Therefore, in order to develop Cacao marketing distribution channel model, it should be conducted by the improvement of Cacao quality and quantity previously. By this condition, Cacao marketing distribution channel could be conducted and established by Cacao farmers.

The development of village owned enterprises as organization which could collect and market Cacao production. The research result showed that to collect Cacao production from farmers, it needed village owned enterprises (BUMDes) which was organization to develop village potentials. One of potentials that needed to be developed was Cacao plantation where Cacao production bought and collected through BUMDes and then marketed to the trader or exporter. It was in line with the statement from director of BUMDes in Taluditi district that: “the development of BUMDes as organization to collect Cacao production should be conducted. Village owned enterprises (BUMDes) is organization that created to develop village potentials in order to increase regional own source revenue (PAD-Pendapatan Asli Daerah). Through BUMDes, Cacao production, both from farmer groups or individual farmers can be marketed in a good way. In this case, BUMDes buys Cacao from farmer groups and then markets the Cacao production to Cacao exporter” (Spry, May, 21th 2016).

In line with the information above, head of Taluditi District also stated about the importance of BUMDes in developing Cacao plantation potential he said that: “the development of village owned enterprises (BUMDes) is very needed to develop potentials in each village, including Cacao. Therefore, the administrators of BUMDes become main driver in each activity of BUMDes. Particularly for Cacao, BUMDes tries to buy Cacao from farmer group or individual farmer, collect the Cacao and then market it collectively with Cacao from other farmer groups. The development of BUMDes can be conducted to develop Cacao marketing distribution channel where the process of Cacao selling-purchasing can be managed directly by Cacao plantation unit that included in BUMDes” (WZ, May, 24th 2016).

The statement from informant above in line with the observation result that conducted by researcher team which in fact, the existence of BUMDes as economic institution in village level was very helpful for farmer groups in collecting and marketing Cacao production. Although the existence of this GUMDes was still in short period in assisting Cacao marketing activity in Taluditi district as central of Cacao planting development, however, this BUMDes was still expected to give supports for Cacao marketing activity. In this case, BUMDes became organization that could collect Cacao production and develop Cacao marketing distribution channel in Pohuwato Regency.

The development of Cacao online marketing system To conduct Cacao marketing, it could be implemented directly where the trader and farmer group could conduct direct transaction or through Cacao online marketing system. The development of Cacao online marketing system (Bilgihan and Bujisic, 2015) might use BUMDes website which could give information about Cacao and Cacao plantation potentials. It was relevan with information that mentioned by one village leader in Taluditi district that: “the use of Cacao online marketing can help farmer groups in marketing their Cacao production. In this case, information about Cacao plantation potentials, Cacao production quality and quantity, marketing system and other information which related to Cacao commodity can be accessed through BUMDes website. Therefore, the use of Cacao online marketing system expected to be able in helping farmer groups to promote their Cacao production. Besides that, farmer groups can conduct transaction of selling-purchasing Cacao directly to the exporter or other investor candidate who interest in buying their Cacao production” (AM, May, 25th 2016).

From the information above, then it could be stated that the development of Cacao marketing distribution channel could be supported by online marketing system. This system could give information about potentials that owned by BUMDes and also as organization to promote Cacao commodity. It can be described as Fig. 1.

Therefore, online marketing system would be important part in developing Cacao marketing distribution channel model in Pohuwato Regency . The development of Cacao marketing distribution channel was one of ways to increase selling volume of Cacao and to increase Cacao farmer’s income. Therefore, it was necessary to develop Cacao marketing distribution channel model that could support Cacao marketing system in Pohuwato Regency.

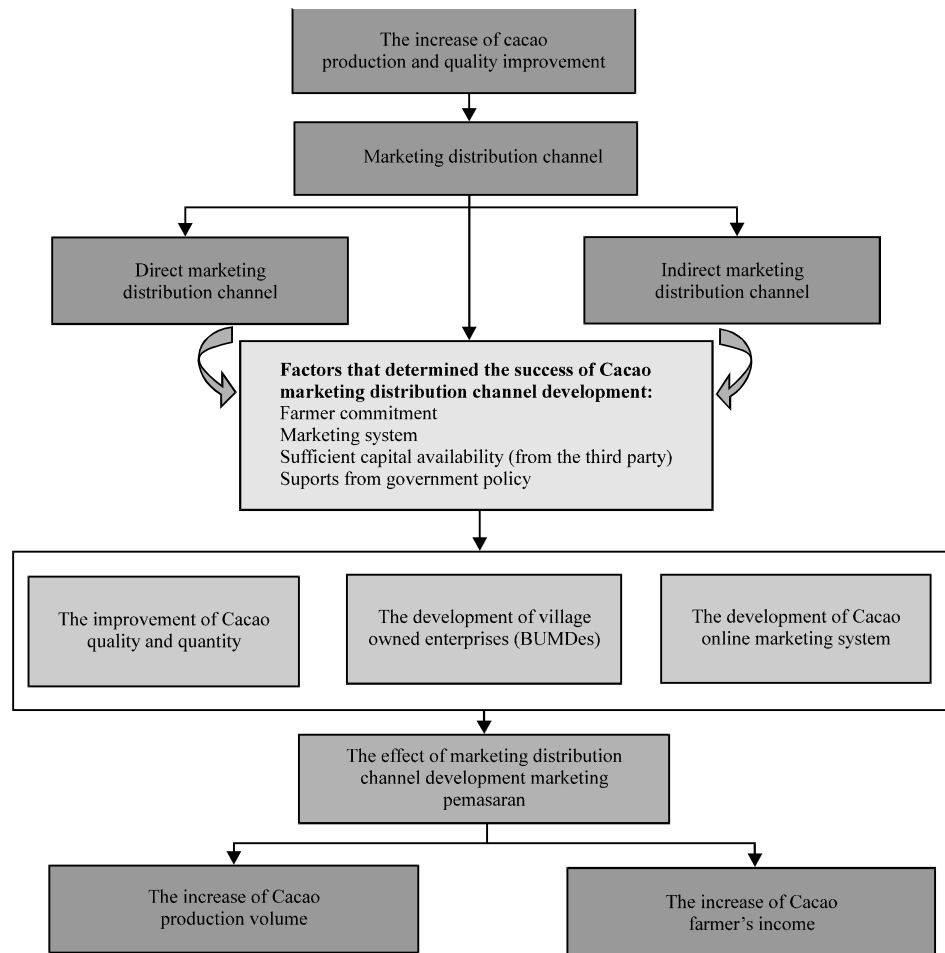


Fig. 1: Model of Cacao marketing distribution channel

CONCLUSION

Cocoa productivity in pohuwato has increased every year so that required the development of marketing distribution channels are structured properly so that the results obtained by cocoa farmers can be maximized and can be one of the leading industrial sectors in the regions. Cocoa marketing distribution channel model that can be developed is the improvement and enhancement of the quality and quantity of cocoa, development BUMDes as a container that can hold and market the production and development of online marketing system.

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