Marketing System of Grain from Farmers to Rice Mill Producers in Pringsewu District

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ARTICLE INFORMATION

ABSTRACT

This article aims to identify the pattern of the grain/rice marketing system from the farmer-producing level to the milling producer and the activities carried out by the actors involved. Data collection was carried out in the rice production center area in Pringsewu Regency, namely Gadingrejo District because it has the largest rice area in Pringsewu Regency. Data were collected using survey methods (field observations) and interviews with producer farmers and actors involved in the grain/rice trade chain system in Pringsewu Regency. Respondents are rice farmers in Pekon Parerejo totaling 67 farmers, rice milling producers (huller) as many as 4 industries, and 2 collectors traders who are in the research location. Based on the results of the study, it was found that the pattern of the grain/rice trade system in Pringsewu Regency has a flow structure from the Pekon Parerejo production center, Gading Rejo District to several rice milling industries in Pringsewu Regency. There are two patterns, namely the first channel, farmers sell grain to traders and then to wholesalers, grain traders are collected and distributed on a large scale to hullers (mills). From the huller, the grain undergoes processing including drying, milling, grading and rice. The packaged and labeled rice is then distributed to wholesalers. From wholesalers distributed to retailers to be sold to consumers.

Keywords: Marketing System, Channel of Marketing System, Actors an Activity

INTRODUCTION

In 2020, Indonesia is listed as the country with the largest rice consumption population with a per capita rice consumption of 92.9/Kg (Wahyuni & Darmawati, 2021). Price formation will be influenced by market participants. Market participants have their own marketing distribution patterns or channels. The rice pattern or channel has the following stages, namely farmers carry out the harvest process, then sell the grain to the grain mill, from the grain mill it will be processed into rice so that it will be marketed to consumers (Pratasik & Maulida, 2021). Indonesia is one of the countries with a large population with an increase in population growth followed by an increase in the consumption power of its people in national rice consumption (Pratasik & Maulida, 2021). Indonesia is the third rice producer with the first largest consumption of rice in the world (Maclean, Hady, & Hettel, 2013; Girsang et al., 2021). To meet this great need, domestic food security is needed from national food production (Ulfa, Masitah, & Balatuf, 2020). Various efforts have been taken by the government through the activities of securing paddy fields in irrigation areas, increasing the quality of intensification as well as optimizing and expanding agricultural areas. One of the national foodstuffs whose availability is sought to be fulfilled throughout the year is rice which is the staple food for most of the Indonesian population (Hidayat, 2019). Farmers are the main producers in rice management. With work maximum farmers can get help stabilize the Indonesian economy, of course by playing an active role in agriculture and food security. But the problem is that the welfare of farmers in Indonesia is still low. The low welfare of farmers is due to low the added value of the product enjoyed by farmers. Therefore, farmers sell their agricultural products for granted. Dependence in terms of food is because the staple food of the majority of the Indonesian population is rice often fluctuate. This fluctuation is influenced by the rice productivity of farmers. Meanwhile, rice productivity is influenced by many aspects, including weather and climate, pests' disease and technology cultivation technology applied by farmers. Until stock grain/rice is often not available enough (supply deficit) which triggers the increase price (Cakra, Mukhtar, & Mardia, 2016).

Agricultural development is an integral part of national development which has a strategic role in the recovery of the national economy. One of these strategic roles is the provision of food. The priority of agricultural development today is focused on preserving food self-sufficiency, increasing farmers' welfare, and increasing economic growth (Setiawan & Prajanti, 2011). Food commodities, especially rice, are the main concern of the government in maintaining security stability and national food security as a target for agricultural development (Usman, 2004). Based on the results of a survey conducted by Perum Bulog, it was found that the realization of the rice harvest from January to December 2020 was 10.66 million hectares, a decrease of 20.61 thousand hectares (0.19) compared to the realization of the rice harvest in the previous year (in 2019). Meanwhile, in 2021 the rice harvested area will reach 413.09 thousand hectares and the harvest potential throughout February to April 2021 with a rice harvest area of 445 million hectares. There will be an increase in harvested area in 2021 by around 1.02 million hectares (26.53%) when compared to January-April 2020 which is only 3.84 million hectares (Badan pusat Statistik, 2021).

Lampung Province is one of the rice-producing areas in Indonesia which is the main food source for the community after being converted into rice. In Indonesia,

rice is the main food ingredient for most people. It can be seen that more than 90% of the Indonesian population uses rice as the main consumption ingredient. Rice is an excellent source of vitamins and minerals. The vitamin content contained in rice provides the foundation for the body's metabolism, immune system health, and general functioning of the organ systems needed for activity in the body. Therefore, until now there is no product, either natural or synthetic, that can replace rice as food for the Indonesian people. Based on data from the State Logistics Agency (Bulog), Indonesia's national rice consumption is among the highest in the world, reaching 29.13 million tons in 2017 (Bidarti, Laila, & Yulius, 2019).

Lampung is one of the provinces that have several rice production centers, one of which is in the Pringsewu Regency. This is shown by the large number of people who make a living as rice farmers and are supported by the extent of agricultural land. Pringsewu is an expansion district of South Lampung. As an agrarian area, the economic structure of the Pringsewu Regency is still dominated by the agricultural sector with the dominant commodity being lowland rice and upland rice. In addition, Pringsewu is one of the centers of agriculture, especially in the cultivation of rice plants. Pringsewu also took part in contributing to rice production for Lampung Province, especially Gading Rejo District. This is because Gading Rejo District has a large area or expanse of rice fields and has the most rice mills. In addition, Gading Rejo District is also the main market in the rice supply chain for the Pringsewu area.

The rice marketing system starts from the grain supply chain system from the farmer level to the rice mill producers. After being converted into rice, the chain of trade of this commodity until it reaches consumers is also an interesting study considering the many actors involved in the supply chain system of grain to rice. The quality of rice marketed by milling producers categorized into 3 (three) namely premium quality ricemedium and perfunctory. Many actors play a role in rice supply chain activities, namely farmers, rice milling factories, traders, distributors, retailers and consumers who contribute to creating added value for rice commodities. The purpose of the supply chain system is to ensure that consumers get the right goods or services in the right quantities and at the right time at the lowest possible cost (Swastika, 2010).

Besides the many actors involved in the grain/rice trading system, the transportation process in the system also plays a role in maintaining the quantity and quality of grain supply to the milling level, and the rice supply chain to consumers. There is even the possibility of food shortages related to the quantity of rice commodities along the rice supply chain (Hirawan & Verselita, 2020). Besides the quantity of rice supply in the market, the quality of rice also plays an important role in shaping prices. Based on the results of monitoring rice prices, the highest rice price at the milling level reached Rp. 10,000.00 per kg for the Premium quality of Ciherang variety rice for the Tanggamus District (Talang Padang), and for the Central Lampung District (Punggur and Trimurjo Districts). The lowest price of rice traded this month reached Rp. 7,600.00 per kg for Medium quality rice, the type of IR64 is found in Pringsewu Regency, Ambarawa District. The development of the average price of rice at the milling level in 2021 can be seen in Table 1.

Table 1. Average Rice Prices in Mills by Quality in Months May-July 2021.

| Quality of Rice	The Average Price in The Mill (IDR/Kg)			Price Gap (IDR/kg)	Price Gap (%)
	May	June	July		
Premium	9.409,09	9.296,43	9.250,00	(46,43)	(0,50)
Medium	8.245,45	8.091,67	8.091,67	234,52	2,98
Non Premium	-	-	-	-	-

Source: Badan Pusat Statistik (2021).

The food distribution system from producers to consumers can consist of several marketing channels where each market player provides different services. Therefore, by examining the marketing pattern, it will be known who the actors involved in it are and what activities result from the activities of each of the trade administration institutions involved. As a preliminary study for each of the trade administration institutions involved. This article aims to identify the pattern of the grain/rice trade system from the farmer-producing level to the milling producer identify the activities or activities carried out by the actors involved.

LITERATURE REVIEW

Marketing is an activity of delivering goods from the producer level to the consumer level with the effort to obtain the goods needed. Marketing of agricultural commodities, especially unhusked paddy or rice, does not just delivered from farmers to consumers, but there is a long process and need treatment - special treatment compared to non-agricultural products. A marketing system can be said to be efficient, namely being able to hold fair share of the total price paid end consumers. Here are the three ways direction of grain marketing system is as follows chart:
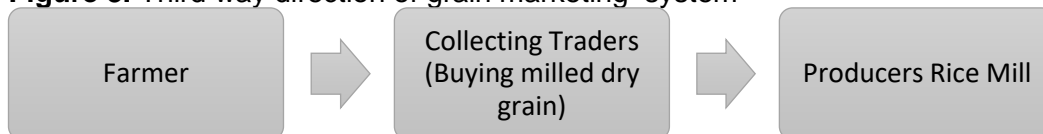
Figure 1. First way direction of grain marketing system
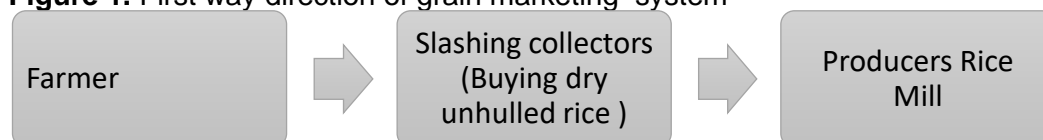
Figure 2. Second way direction of grain marketing system
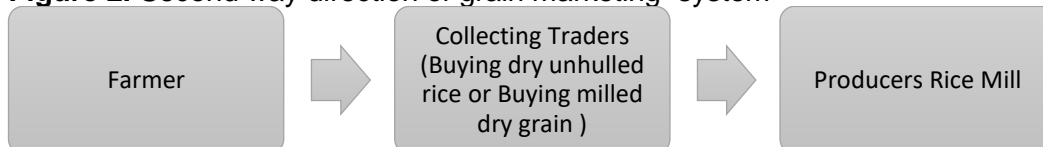
Figure 3. Third way direction of grain marketing system

As Annisa, Usman, and Yuerlita (2019) state that marketing begins with the distribution of agricultural production facilities, followed by raw material products

at the level of the farmer entrepreneur, and reaches the peak with high-end products consumers want. Fitriani, Ismono, and Rosanti (2011) add that a marketing system or distribution system is an economic activity that aims to distribute goods from producers to consumers. Distribution itself means an activity that functions to deliver goods from producers to consumers (Ohy, 2019). Therefore, the marketing system requires a container in the form of an institution. Commercial administration institutions have different functions including packaging, storage, and transportation (Fitriani et al., 2011). The marketing system requires efficiency so that the distribution of goods from producers to consumers costs as little as possible. Agricultural marketing is a commodity flow process carried out by accompanying marketing agency transfer of ownership and creation of use time, use the place, and use form by executing one or more marketing functions (Pradana, 2020). Marketing strategy is closely related to environmental factors. Therefore, it is very necessary to pay attention to environmental aspects. Marketing strategy is a set of goals and objectives, policies and rules that give direction to the company's marketing efforts from time to time, on tiers and benchmarks and their allocation, especially in response to the company in the face of an ever-changing competitive environment and conditions (Sholehah et al., 2021). Ohy (2019) states that Marketing strategy that is implemented becomes the basis for increasing customer satisfaction. Therefore, the need for sustainable and appropiate strategy is needed. In marketing, there are multiple marketing channels so there is a difference in treatment in the marketing function, marketing costs, marketing margin, profit marketing, and others (Partini & Pranoto, 2019). There are nine kinds of functions in marketing, namely: planning, purchasing, selling, transportation, storage, standardization and grouping, financing, communication, and risk reduction (Suudi, 2018). System distribution of food from producer to consumer can consist of several trading chains where each perpetrator market provides different services. The main actors are producers or farmers, marketers or trader collectors, and rice mills (Suudi, 2018).

RESEARCH METHOD

The research method used in this research is the survey method. Where this study chose quantitative analysis. Sugiyono (2018) states that quantitative methods can be interpreted as research methods that are based on the philosophy of positivism, used to research the population or certain samples, data collection using research instruments, analysis quantitative/statistical, with the aim of describing and testing established hypothesis. This study uses a questionnaire as a data collection tool. The survey method was chosen to find out the grain trade system from Producer Farmers to Rice Mill Producers. This study was conducted in the rice production center area in Pringsewu Regency, namely Gadingrejo District because it has the largest rice area in Pringsewu Regency. Data were collected using an instrument, namely a questionnaire in interviews with producer farmers and actors involved in the grain/rice trade chain system in Pringsewu Regency.

The respondents are rice farmers in Pekon Parerejo totaling 67 farmers, rice milling producers (huller) 4 industries, and 2 collectors traders who are in the research location. Furthermore, the data from observations and interviews were tabulated and analyzed descriptively to explain the chain of grain trading systems that occurred.

RESULTS

The results of this study indicate that the distribution of various types of grain taken from farmers will be sold through collectors, not slashers. Delivery activities are carried out in accordance with the agreement of both parties between the mill and the distributor. After the collectors, the grain will be directly traded to the villages or the farmer's own harvest location. This study also shows that the payment system for unhulled rice purchased by collectors from farmers is cash payment when the grain has been harvested and is ready to be traded. Meanwhile, the activities in the milling plant which include drying, milling, and packaging activities using certain trademarks are in accordance with requests from distributors or wholesalers who have entered into a contract with the milling mill.

DISCUSSION

As an important part of the rice supply chain system, the grain trade system is carried out from the farmer level to the rice mill producer level. However, Wuryantoro and Ayu's (2021) research found that many farmers sell agricultural products, such as rice, while they are still in the fields. Even so, most of the grain from farmers is sold through traders who come directly to the village or farmers' harvest locations. Rice farmers sell their rice harvest in three ways, namely slashing, selling harvested dry unhulled rice (GKP) immediately after harvest and selling milled dry grain (GKG) after harvest and after drying. There are two types of grain traders, namely slashing traders and collectors traders. Peeling grain traders are buying rice directly from farmers in the field before harvesting, by estimating the farmers' production per area of rice planted area and making price offers. However, payments are made in advance as a sign of completion after the purchase price is agreed upon and repayment is made after harvesting and threshing the grain. Meanwhile, collectors are traders who buy grain after it has been harvested, either from farmers, slashing traders, or other traders. The payment system is made in cash after the grain is weighed and ready to be transported. Thus, farmers sell the grain directly to the owner of the huller. From the huller, the grain undergoes processing including drying, milling, grading, and rice. The packaged and labeled rice is then distributed to wholesalers. From wholesalers distributed to retailers to be sold to consumers.

In addition to the level of farmers and slashing trader, the grain trading system also involves the level of rice milling. At the milling level, various processes are carried out including drying, milling, and packaging using trademarks in accordance with the agreement with the rice traders. However, it is also possible for a rice milling factory to partner with Bulog. In the case of partnering with Bulog, rice mills usually receive orders to procure rice according to a certain according to the agreement with Bulog. In the marketing system, the problem main thing that often comes to the surface is that the price of grain received by farmers is almost always low in season harvest. On the other hand, consumers in urban areas often complain about the high price of rice. This condition reflects that the rice market is not sim ethic and less integrated. That is, if the price of rice at the consumer level rises, the increase not transmitted to the farm level. But if the price of rice in

the city goes down, it decreases This will immediately lead to a decrease in the price of grain at the map level here.

CONCLUSION

The activities carried out by each actor in the grain trading system include the purchase of grain raw materials from farmers, then transportation to the rice mill factory for further processing in processing starting from drying and milling at the factory. After completion of the process, it is then continued with packaging by the milling factory, then it is immediately taken to the rice warehouse and distributed to various wholesalers and retailers who ultimately reach consumers. The marketing mix in Pekon Parerejo, Lampung is supported by a good marketing strategy. One strategy that can be applied is the type of product. Products are the main components offered by the market produced by producers and offered to the needs of consumers. The grain products in Pekon Parerejo, Lampung are sold in the three ways mentioned above. In particular, the grain must be dried and ground using a rice mill. Marketing channel one has value highest efficiency among channels another because of channel one Farmer only through one middleman that is milling paddy for the grain so that marketing costs are not too high. The lowest efficiency value occurs at channel two (Farmer–Collecting Trades–rice milling) so that marketing costs are higher.

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