

ORGANIC VEGETABLES MARKETING MODEL

Berno Yompi^{1*}, Hani Sri Handayawati², Niniek Dyah Kusumawardani²

¹Student of Undergraduate in Agribusiness Program Study, Faculty of Agriculture, Malang
Agricultural Institute, Malang

²Lecturer of Agribusiness Program Study, Faculty of Agriculture, Malang Agricultural Institute,
Malang

Jl. Soekarno-Hatta, Malang 45162 Indonesia

*Email: enoksyompi@gmail.com

ABSTRACT

This research was conducted in Kurnia Kitri Ayu Farm (KKAF), Sukun Village, Sukun District, Malang City, East Java in 2019. The aim of this study is finding out the distribution channels of organic vegetables and margins or the distribution profits of Kurnia Kitri Ayu Farm organic vegetables distribution. The purposive sampling method was used in this study and the respondent was the owner of Kurnia Kitri Ayu Farm as an agribusiness actor. Data obtained in the field were analyzed by margin analysis, distribution and marketing share. The results showed that Kurnia Kitri Ayu Farm organic vegetable distribution channel involved partner farmers using three channels: 1) KKAF to distributors, supermarkets and final consumers, 2) KKAF to sales and final consumers and 3) KKAF to final consumers or Baby Porridge Company. The marketing distribution margin of KKAF organic vegetables was carried out starting from partner farmers of Rp. 5,000, - KKAF of Rp. 5,000 and supermarkets of Rp. 3,000, resulting in the increase of marketing margins between partner farmers, KKAF and supermarkets by Rp. 13,000. Then, between KKAF and salesman, each of them got a margin of Rp. 10,000, causing the distribution of the margin between partner farmers of Rp. 5,000, KKAF of Rp. 2,000, and salesman of Rp. 3,000. The market behavior of partner farmers resulted in a distribution margin of Rp. 5,000, KKAF of Rp. 2,000 and salesman of Rp. 5,000 caused a marketing margin position of the market behavior of partner farmers, KKAF and salesman that was Rp. 12,000.

Keyword: marketing model, organic vegetables, and Kurnia Kitri Ayu Farm

ABSTRAK

Penelitian dilakukan di Kurnia Kitri Ayu Farm (KKAF), Kelurahan Sukun, Kecamatan Sukun, Kota Malang, Jawa Timur pada tahun 2019, dengan tujuan untuk mengetahui saluran distribusi sayur organik dan margin atau keuntungan distribusi pemasaran sayur organik Kurnia Kitri Ayu Farm. Metode yang digunakan ialah metode Purposive Sampling dengan responden ialah pemilik Kurnia Kitri Ayu Farm sebagai pelaku agribisnis. Data yang diperoleh di lapang dianalisis dengan analisis margin, distribusi dan share pemasaran. Hasil penelitian menunjukkan bahwa saluran distribusi sayur organik Kurnia Kitri Ayu Farm melibatkan petani mitra dengan menggunakan tiga saluran: 1) KKAF ke distributor, supermarket dan konsumen akhir, 2) KKAF ke sales dan konsumen akhir dan 3) KKAF ke konsumen akhir atau perusahaan bubur bayi. Margin distribusi pemasaran sayur organik KKAF dilakukan mulai dari petani mitra sebesar Rp. 5.000,- KKAF sebesar Rp. 5.000,- dan supermarket sebesar Rp. 3.000,- mengakibatkan margin pemasaran antara petani mitra, KKAF dan supermarket naik sebesar Rp. 13.000,-. Kemudian antara KKAF dan sales masing-

masing mendapat margin sebesar Rp.10.000,- menyebabkan distribusi margin antara petani mitra sebesar Rp.5.000, KKAF sebesar Rp.2.000,- dengan sales sebesar Rp.3.000,-. Perilaku pasar petani mitra menghasilkan distribusi margin sebesar Rp.5.000 KKAF sebesar Rp.2.000 dan sales sebesar Rp.5.000 mengakibatkan posisi margin pemasaran dari perilaku pasar petani mitra, KKAF dan sales sebesar Rp.12.000.

Kata kunci : *model pemasaran, sayur organik, dan Kurnia Kitri Ayu Farm*

INTRODUCTION

Organic vegetables become one of the agricultural products which have a very rapidly development in the field of agriculture because of the people's interest in a healthy lifestyle. The tendency of people to consume organic agricultural products is because it is beneficial for health, so that organic farming continues to develop. The majority of Indonesian people households and economy maintenance obtained from farming, thus agriculture is one of the sectors that plays an important role in the welfare of people's lives. One of the agricultural sub-sectors is horticulture, that is organic agriculture which provides substantial benefits to the development of agriculture in Indonesia. The constraints of the application of organic agriculture are related to the higher selling prices and conservation of land and environmental resources.

The development of organic farming began 4-5 years ago. Changes in consumer value affect behavior in purchasing agricultural products. The rising awareness of the consumers on the importance of consuming healthy food for their health and fitness increases the consumer demands for the nutritional content of food products that are healthy, safe and support fitness (Widiyanti, 2005).

Silitonga, (2014) explain that the application of organic farming and to meet the market needs for vegetables, especially the organic vegetables are not easy. Market surveys must be conducted to determine market needs, production that must be achieved or required by consumers.

The community of Sukun Village, Sukun District, Malang City is one of the sub-districts that has implemented an organic farming system that utilizes the land around their houses since a long time ago. Kurnia Kitri Ayu Farm is an individual business that deals with organic farming, especially organic vegetables, which include water spinach, mustard greens and carrots. The marketing reach of organic vegetables by Kurnia Kitri Ayu Farm is quite wide as the marketing covers the provincial level (Surabaya). The success of Kurnia Kitri Ayu Farm made the writer interested in investigating the vegetable marketing model that has been applied.

RESEARCH METHOD

A. Research Settings

The research location was in Kurnia Kitri Ayu Farm, Sukun Village, Sukun District, Malang City, East Java. The research was implemented in August-September 2019.

B. Data Collection and Instruments

The data collected based on the source, consisted of primary data (marketing models, marketing agencies, marketing channels, prices and marketing costs) and secondary data (including the Central Bureau of Statistics, research journals). Primary data were collected through interviews based on questionnaires with respondents. Field observations used the observation method. Secondary data was done by collecting data from the second party (CBS, research journal).

The instruments and equipment used were camera, questionnaires, researchers' diaries.

Sampling

The method used to determine respondents intentionally (purposive sampling). Respondents in this study were the owners of Kurnia Kitri Ayu Farm as the agribusiness actor.

Data Analysis

The data obtained from the field were analyzed using margin analysis, distribution and market share.

a) Marketing Margin Analysis:

$$M = \sum_{i=1}^m \sum_{j=1}^n C_{ij} + \sum \pi_j$$

Description:

M : marketing margin

C_{ij} : marketing costs to carry out function at i-th by marketing agency at j-th

π_j : the profits received by marketing agency at j-th

m : the number of marketing costs type

n : the number of marketing agency

$$M = Pr - Pf \text{ (Sudiyono, 2014)}$$

Description:

M : marketing margin

Pr : farmgate prices

Pf : retail prices

b) Distribution Analysis and Share Margin:

$$SB_{ij} = [c_{ij} / (Pr - Pf)] [100\%]$$

$$C_{ij} = H_{jj} - H_{bj} - \pi_{ij}$$

The profits of marketing agency at j-th

$$Sk_j = [H_{ij} / (Pr - Pf)] [100\%]$$

$$\pi_{ij} = H_{jj} - H_{bj} - c_{ij}$$

Description:

SB_{ij} : part of the costs to carry out the marketing function at i-th by marketing agency at j-th

C_{ij} : costs for carrying out the marketing function at i-th by marketing agency at j-th

Pr : farmgate prices

Pf : retail prices

H_j : selling price of marketing agency at j-th

π_{ij} : the profits of the marketing agency at j-th

Sk_j : the profit section of the marketing agency at j-th

RESULTS AND DISCUSSION

A. General Conditions of Research Location

Sukun is a sub-district in Malang City, East Java Province, located on a highland (440 m asl) with an area of 1.29 km².

Astronomically, Sukun District is located between 112 36.14° to 112 40.42° East Longitude and between 0.77 36.38° to 008 01.57° South Latitude, with the boundary line in the north of Lowokwaru & Klojen Subdistricts, Malang City; the east of Kedungkandang District, Malang City; the south of Pakisaji District, Malang Regency; and the west of Wagir District, Malang Regency.

The temperature ranged from 20 ° to 30 ° C with relative humidity and rainfall ranging from 2,000 to 3,000 mm/year, the maximum temperature reached 32°C and the minimum temperature was 18°C. The average humidity ranged from 72-80%, with a maximum humidity of 95% and a minimum of 50%. Sukun District experienced climate change in the rainy season and dry season. Relatively high rainfall occurs in February, March and November, while in June and September the rainfall is relatively low. The maximum wind speed occurs in May, June and September (CBS Kecamatan Sukun 2019).

B. The Profile of Kurnia Kitri Ayu Farm

Kurnia Kitri Ayu Farm is one of the organic vegetables agribusiness in Malang City which was founded on April 26, 2006. This business originated from the owner's desire to produce healthy vegetables for

the residents. At the beginning of the business, Kurnia Kitri Ayu Farm was able to produce 11 kg of organic vegetables with an organic farm of 1,000 m² in the owner's yard. There were two green houses in the building, with 7x30 meter for each green house erected in the courtyard. The types of plants cultivated are various types of vegetable plants such as red okra, water spinach, spinach, mustard greens.

In order to meet consumer demand for organic vegetables, Kurnia Kitri Ayu Farm established collaboration with Kelompok Wanita Tani or Women Farmers Group in Malang Regency as the production partnership. This partnership was carried out since the organic vegetable production produced by Kurnia Kitri Ayu Farm had

not been able to meet the consumer needs. In this cooperation, Kurnia Kitri Ayu Farm was obliged to provide guidance, so that the farmers were able to cultivate according to the principles of organic farming. Kurnia Kitri Ayu Farm provided counseling to partner farmers, that were the farmer groups. Thus, the farmers became more professional and were able to develop organic vegetables such as water spinach, spinach, and mustard greens.

Kurnia Kitri Ayu Farm also collaborated with the Department of Agriculture to increase organic vegetable business results. In this case, the market demands increased since the organic vegetables are healthier and more beneficial for consumers.

C. Organizational Structure of Kurnia Kitri Ayu Farm

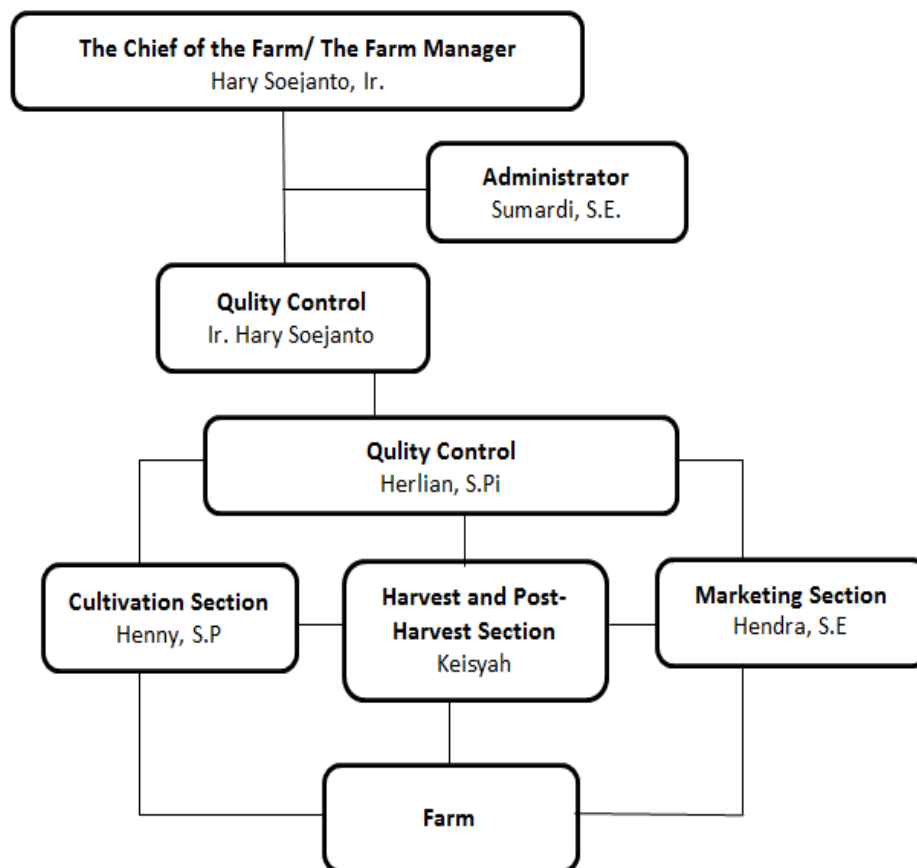


Figure 1. Organizational Structure of KKAF

D. Functions and responsibilities of the KKAF organizational member in implementing KKAF duties

Kurnia Kitri Ayu Farm was led by Mr. Ir. Hary Soejanto. The chief of KKAF duties were being in charge of all activities, such as being the coordinator of implementation, preparing work plans or work programs, providing instructions for implementing organic cultivation by prioritizing control of its organizational quality, making relationships with communities or farmers for the development of organic farming businesses with a partnership model, and evaluating the results of work.

Quality control function was to control and evaluate the organic quality of plant cultivation until marketing. Meanwhile, his task was to provide recommendations or certainty on the use of cultivated land for organic plant land from the farm and the residual risks of synthetic pesticides and other synthetic materials; He also provided recommendations for the use of organic compost manure for organic plant land media. Providing guidance on the recommendations of the use of seeds, bio pesticides for organic crop cultivation. Giving directions and recommendations on using water for organic flushing and washing. Providing instructions and recommendations on tools and equipment for cultivation, harvest and post-harvest especially for organic cultivation. Delivering directions and recommendations for packaging and transport advice for organic production. Providing instructions and recommendations to workers regarding the cleanliness and health of the workers in performing work.

The section of harvest and post-harvest had functions to handle harvest and post-harvest. The duties of the harvest and post-harvest section were carrying out post-harvest according to the harvest plan schedule, coordinating with cultivation;

preparing facilities and equipment for harvest and post-harvest; supervising the implementation of the harvest; supervising the harvest, selection, grading, washing, draining, weighing and packaging; preparing means, equipment and administration for the delivery.

The functions and duties of marketing management section who worked as a marketing mix were preparing products to be marketed according to the number and location of marketing, checking the final product to be marketed, and preparing transportation facilities in accordance with GAP (Good Agricultural Practice) standards as a producer. GAP shows how to cultivate properly and precisely of the agricultural crops (food, fruit and vegetables) and plantations as well as the completeness, planning and the development of organic vegetable marketing. He also carried out production, received complaints from consumers or customers, and undertook coordination in order to arrange the appropriate cultivation development facilities which was in accordance with the arrangement and development of market.

The functions and duties of the personnel manager and financial administration were preparing funds for operations in accordance with the planning work program; preparing the needs for skilled, trained and healthy workforce for organic vegetable cultivation; preparing the administration of attendance data and wages according to the number of the workforce; coordinating with agricultural officers, agricultural field staff and farm workers in the context of implementing and developing organic vegetable farming; providing health insurance agreements to the employees; serving and establishing relationships with the community and local government for development.

The functions and duties of the cultivation section was to provide instructions for harvest and post-harvest

cultivation, to obtain good quality of the products; provide instructions and provide appropriate soil processing results by providing recommendations for media, soil, fertilizers or other materials for organic cultivation; inspect facilities and equipment for cultivation, harvest and post-harvest also the delivery; recommend and inspect seeds and seedlings to be planted; supervise the planting procedures; supervise plant maintenance, harvest and post-harvest procedures (irrigation, pest control, harvesting, selection, washing grading to marketing); provide guidance to the implementer to determine the quality of

the product in accordance with specifications and check the results of its implementation by providing feedback; then, provide the results of the procedure in accordance with consumer complaints.

E. Kurnia Kitri Ayu Farm's Organic Vegetable Marketing Model

Kurnia Kitri Ayu Farm's organic vegetable marketing consists of three models involving marketing agencies: supermarket distributors, salesman and baby porridge company.

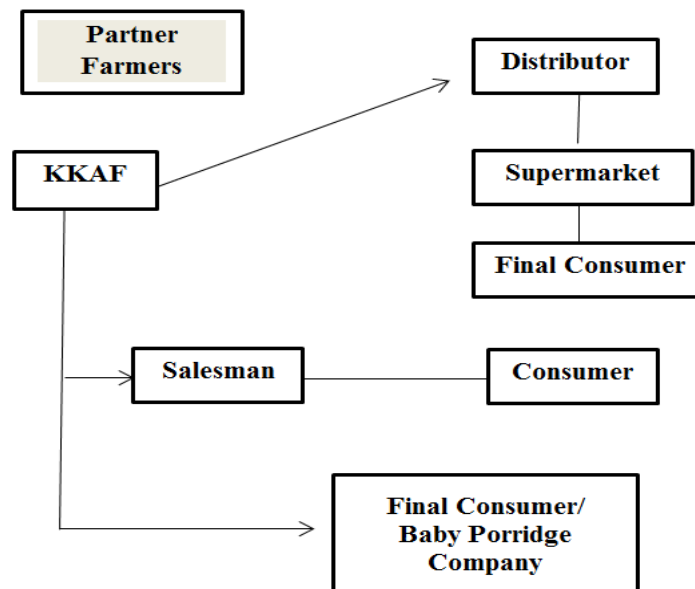


Figure 2. Marketing Channel Model of the KKAF Organic Water Spinach

The role of KKAF partnership in running this business was very influential to launch the organic vegetable marketing activities. The first marketing channel model is starting from the partner farmers to KKAF to supermarket distributors to the final consumers. Partner farmers supplied or delivered the organic vegetables to KKAF every Tuesday and Friday.

Tuesday's supply was Monday's harvest and Friday's supply was Thursday's supply. The organic vegetables products from partner farmers to KKAF were delivered within 200 gram plastic packages. KKAF performed the function of marketing sorting, attaching a label of KKAF and organic on every 200 gram package. KKAF distributed organic vegetables to

supermarket distributors in Surabaya by box van. The supermarket distributors which became KKAF customers were Ranch Market in Malang, Royal Market, Papaya Market and Hoki Market in Surabaya. The sales volume of organic vegetables (water spinach) to each supermarket distributor was 30 kg.

The second marketing channel model is starting from partner farmers to KKAF to salesman and to final consumers. Salesman who came to KKAF came from Malang city every Wednesday with an average purchase volume of 30 kg. The final consumers in the second marketing channel model were the general public around the organic vegetable production environment.

The third marketing channel model is starting from partner farmers to KKAF to final consumers or baby porridge company. The third marketing channel model is known as the door to door marketing model. The final consumers purchased organic vegetables directly to KKAF. The delivery of organic vegetables to the baby porridge company was carried out twice a week, in every Thursday and Sunday. Thursdays' shipments were the partner farmers' crops which were sent to KKAF on Wednesday, while Sundays' shipments were the partner farmers' crops which were sent to KKAF on Saturday. The volume of baby porridge company purchases was 30 kg per week.

F. Marketing Function

The marketing functions carried out by KKAF included sorting, labeling, packaging and transportation.

KKAF applied marketing principles in quantity, quality, and continuity. Vegetables sold by KKAF had to have a harvest age criteria of 20 days after planting and a vegetable length of 30 cm. The vegetables harvested by partner farmers were separated into good and damaged vegetables. The next step was weighing the vegetables with a size of 200 grams, 250 grams, 300 grams and 500

grams as the size of each package. The weighed vegetables were then put in plastic packaging labeled KKAF and the organic logo. Organic vegetables marketed by KKAF were vegetables that were ready for consumption (consumers did not need to wash the vegetables before consuming them).

Sorting was an activity carried out by KKAF to separate organic vegetables supplied by partner farmers, in case that there were damaged vegetables in each package, which then weighs 200 grams for each package. Each 200 gram vegetable was then put in a plastic bag labeled KKAF and organic. KKAF applied marketing principles in quantity, quality, and continuity. Vegetables that were sold had to have a harvest age criteria of 20 days after planting and a length of 30 cm.

The last marketing function carried out by KKAF was transportation, that was distributing organic water spinach from producer (KKAF) to marketing agencies and final consumers.

G. Marketing Margin of KKAF Organic Vegetable

1. Marketing Model

Partner farmers were the farmers who grow their own vegetables under the guidance of KKAF and sell them to KKAF, which also acted as a producer (grew their own vegetables).

Marketing activities carried out by KKAF could be carried out in two ways, namely: (1) direct marketing involved final consumers who came to KKAF business locations. (2) indirect marketing involved more than one marketing channel, so that post-harvest activities needed to be considered, such as classification, packaging and distribution schedules of vegetables, either through salesman or through supermarket distribution itself at different prices.

The first marketing model was known as the direct or door to door marketing

model. Sales who came from Malang went to KKAF to buy organic vegetables every Wednesday with a purchase volume of 30 kg.

2. The KKAF's partner farmers and the Baby Porridge Company

The marketing model carried out by KKAF was a form of marketing strategy that involved partnering behavior towards farmers or plasma and baby porridge company. The partnership path that was carried out is from plasma farmers to KKAF at the plasma farmer price level, then from KKAF as the core of company

distributor to baby porridge company as the KKAF partnership company at a price level KKAF sent organic vegetables to baby porridge companies in Surabaya every Wednesday and Saturday.

H. Marketing Margins of Organic Vegetables

a) The first marketing model (Farmer Partner-KKAF Distributor-Supermarket Final Consumer)

Table 1. Marketing Model of Farmer Partners, KKAF, Supermarkets Distributor and Final Consumers

Marketing Agency and marketing margin components	Price (Rp/ 200 gram Packaging)	Margin Distribution (%)	Market Share (%)
1. Partner Farmers -Selling price	5.000	$5.000/5.000=100$	$5.000/13.000=38,4$
2. KKAF - Purchase price -Certificate -Cargo -Package -Profit -Selling price	5.000,- 3.000,- 1.000 1.000 5.000 15.000	$5.000/5.000=200$	$5.000/13.000=38,4$ $3.000/13.000=23,0$ $1.000/13.000 =7,6$ $1.000/13.000=7,6$ $5.000/13.000=38,4$ $15.000/13.000=115$
3. Supermarkets Distributor -Purchase price -Profit -Selling price	15.000,- 3.000 18.000	$3.000/5.000=60$	$15.000/13.000=115$ $3.000/13.000 =23,0$ $18.000/13.000= 138$
4. Marketing Margin	13.000,-		

Source: primary data processing, in 2019

Table 2. Marketing Model of Farmers, KKAF, Salesman and Final Consumers

Marketing Agencies and Marketing Margin Components	Price (Rp/ 200 gram Packaging)	Margin Distribution (%)	Market Share (%)
1. Partner Farmers -Selling Price	5.000,-	$5.000/5.000=100$	$5.000/10.000=50$
2. KKAF -Purchase Price -Profit -Selling Price	5.000,- 2.000 7.000	$2.000/5.000=40$	$5.000/10.000=50$ $2.000/10.000=20$ $7.000/10.000=70$
3. Salesman -Purchase Price -Profit -Selling Price	7.000 3.000 10.000	$3.000/5.000=60$	$3.000/10.000=30$ $3.000/10.000=30$ $10.000/10.000=100$
Marketing Margin	10.000	100	

Source: primary data processing, in 2019

Table 1 shows that the marketing margin between KKAF and supermarket distributor was influenced by operational factors such as the costs of certificate, cargo and packaging which were carried out by KKAF on the market behavior of partner farmers with the margin share of each institution, starting from partner farmers was IDR 5,000, - KKAF Rp. 5,000, - and supermarkets was Rp. 3,000, resulting in an increase of the marketing margin between partner farmers, KKAF and supermarkets by Rp. 13,000.

b) The second marketing model (Farmer-KKAF-Salesman-Final Consumers)

Table 2 shows that the function of KKAF for salesman distribution is only as an intermediary that did not incur operational costs on the position of partner farmers, thus the marketing margin between partner farmers, KKAF and salesman distribution was IDR 10,000, causing the distribution of margins between partner farmers of IDR 5,000. , KKAF amounting to Rp. 2,000, - with sales of Rp. 3,000.

c) The third marketing model (Partner Farmers, KKAF, Baby Porridge Company)

Table 3.Marketing Model of Partner Farmers, KKAF, Baby Porridge Companies

Marketing Agencies and Marketing Margin Components	Price (Rp/ 200 gram Packaging)	Margin Distribution (%)	Market Share (%)
1. Partner Farmers -Selling Price	5.000	$5.000/5.000=100$	$5.000/13.000=38,4$
2. KKAF -Purchase Price -Certificate -Cargo -Package -Profit -Selling Price	5.000,- 3.000,- 1.000 1.000 5.000 15.000	$5.000/5.000=200$	$5.000/13.000=38,4$ $3.000/13.000=23,0$ $1.000/13.000=7,6$ $1.000/13.000=7,6$ $5.000/13.000=38,4$ $15.000/13.000=115$
3. Supermarkets Distributor -Purchase Price -Profit -Selling Price	15.000,- 3.000 18.000	$3.000/5.000=60$	$15.000/13.000=115$ $3.000/13.000=23,0$ $18.000/13.000=138$
4. Marketing margin	13.000,-		

Source: primary data processing, in 2019

Table 3 shows that the function of KKAF on the distribution position of the baby porridge company was not much different from the market behavior of KKAF on salesman distribution, it was only as an intermediary that did not incur the operational costs on the position of partner farmers. Thus, it caused a different margin distribution among the three marketing actors; the market behavior of partner farmers resulting in a distribution margin of Rp. 5,000 in KKAF, in the amount of Rp. 2,000 and sales of Rp. 5,000 caused the marketing

margin position of market behavior of the partner farmers, KKAF and sales that was Rp. 12,000.

The three marketing actors applied different fees but utilized the same commodity, that was the organic vegetables produced by partner farmers and KKAF.

I. Marketing systems and models

Marketing activities carried out by KKAF could be carried out in two ways, namely: (1) direct marketing involved the final consumers who come to KKAF

business locations. (2) indirect marketing was through the involvement of marketing channels consisting of sales, distributors in Surabaya, supermarkets, and baby porridge company in Surabaya.

The marketing model applied by KKAF was divided into three models and involved partner farmers, Surabaya distributors, supermarkets, sales, baby porridge company.

The biggest profit obtained by KKAF was because of the marketing expenses such as certificates, cargo and packaging that was Rp. 5,000, by selling the vegetables for Rp. 15,000 as the profit received.

Farmers, KKAF, Sales and Final Consumers have a profit of Rp. 10,000 and finally the Marketing Model of Farmer Partners, KKAF, and Baby Porridge Companies had a profit of 13,000.

The largest marketing margin was obtained by the first marketing channel model, which was IDR 13,000 per 200 gram packaging, that organic vegetables have a relatively long endurance.

Viewed from the involvement of marketing agencies, the first marketing channel model involved more marketing agencies so that organic vegetables can be distributed outside the city of Malang (Surabaya).

Marketing channels that experience different levels of profit margins are due to the advantages of different KKAF vegetables such as producing safe, healthy and nutritious food. In the operational system, the marketing agency

and KKAF carried out a system of understanding or made an agreement to implement the desired marketing operational system, so that the marketing system could affect the different marketing operational costs.

J. The differences in profit margins between marketing agencies

The difference of profit margin between marketing agencies could be measured by the profits difference obtained from the level of sales between marketing agencies. Meanwhile, the margin difference of marketing model of the partner farmers, KKAF, supermarkets distributor and the final consumers with the farmer, KKAF, sales and final consumer marketing model was Rp. 8,000.00 due to the factors of price, cost and distance of the marketing agency. The margin difference of marketing model of the partner farmers, KKAF, supermarkets distributor and final consumers with the marketing model of partner farmers, KKAF, baby porridge company was Rp. 11,000.00 due to the cost and price factors between marketing agencies. The margin difference of marketing model of the farmers, KKAF, sales and final consumers with the marketing model of partner farmers, KKAF, baby porridge company was Rp. 3000 due to the price factors and marketing costs. The following table presents the ratio of profits and costs for each marketing agency.

Table 4. Profit and cost ratio of each marketing agency

Marketing Agency	Marketing model ratio (%)		
	Partner Farmers, KKAF, Supermarket Distributor and Final Consumer	Farmer, KKAF, Salesman and Final Consumer	Final Consumer, Baby Porridge Company
Partner Farmers	38,4	50	50
KKAF	115	70	20
Distributor	138	100	7,42

Source: primary data processing, in 2019

Table 4 shows that the profit ratio of the marketing model applied by KKAF was very effective to be developed. Each of the three marketing models applied shows an effective number. However, it was more

K. KKAF Pricing Decisions and Marketing Agencies

The selling price decision was measured by two factors, namely internal factors such as marketing objectives, marketing mix strategies, cost and organizational considerations and external factors such as market and demand for goods, costs, prices and competitors' bids.

a. Internal Factor

The company's internal decisions were influenced by the following factors:

1. Marketing goals

The marketing targets of KKAF and related marketing agencies such as supermarkets, baby porridge company, distributors and final consumers were focused on the needs of consumers from middle and upper economic classes who had a healthy lifestyle. Price consideration which referred to the quality factor of the goods was needed. Healthy lifestyle factors and market share leadership factors played an important role in the setting of the lowest possible price to be superior in market share.

effective to use the marketing model one, that was the marketing model of Partner Farmers, KKAF, Supermarkets Distributor and Final Consumers with the largest percentage in the distribution of supermarkets followed by KKAF.

2. Marketing mix strategy

The marketing mix strategy was not much different from the marketing target strategy that focused on the company's survival, the quality of goods and the price factor. Nevertheless, the marketing mix strategy was carried out to maintain the selling price, including the determination of decisions regarding the design, distribution and promotion of goods, so that the position of the goods in the market remain stable.

3. Costs

The determination of costs by KKAF and related marketing agencies was carried out by reducing the risk of damaged goods due to the uncontrolled cultivation, damage to goods due to the perishable goods, the excess production to maintain market position, and considering production costs.

4. Organizational considerations

KKAF is an institution that stands under an individual business that has a clear organizational structure to be accountable for its sustainability so that

organizational considerations that include employee wages, operational costs such as production costs, certificate costs need to be carried out to maintain the stability and sustainability of the company. Organizational considerations carried out by marketing agencies maintain the market balance and account the operations of marketing agencies such as operational costs, employee wages and business certificates.

b. External factors

External decisions could be influenced by the following factors:

1. Market and demand

KKAF is one of the companies engaged in organic agriculture with an organized marketing system, the market and demand for goods were highly dependent on the lifestyle of consumers who applied a healthy lifestyle. Thus, to determine the product quality, it was very concerned on the organic authenticity of each product. To maintain a healthy lifestyle, KKAF collaborated with marketing agencies such as baby porridge company and supermarkets to supply fresh and healthy vegetables. The the price suppression factor really depended on the level of quality and organic authenticity of the vegetables to maintain the existing market position.

2. Price

The price factor greatly determined the market position, KKAF and marketing agencies as the organic vegetable supply companies. It was not much different from the market and demand factors, the quality of marketed organic vegetables would greatly affect the set selling price.

3. Competition

Market competition decisions to determine the sustainability of the company were carried out by KKAF and marketing agencies to maintain market balance. Consumers would compare the price and quality of these goods with

similar companies before deciding to buy the product. KKAF and marketing agencies determined the selling price influenced by the quality of marketed organic products.

CONCLUSIONS

The results concluded that the marketing activities carried out by KKAF could be carried out in two ways, namely: (1) direct marketing. (2) indirect marketing, that was through the involvement of marketing channels.

The largest marketing margin was obtained by the first marketing channel model, which was IDR 13,000 per 200 gram package. It is because organic vegetables had a relatively long endurance.

Viewed from the involvement of marketing agencies, the first marketing channel model involved more marketing agencies so that organic vegetables could be distributed outside the city of Malang (Surabaya).

REFERENCES

- Silitonga, J. S. 2014. Silitonga J, Salman. 2014. **Analisis permintaan konsumen terhadap sayuran organik di pasar modern Kota Pekanbaru.** *Jurnal Dinamika Pertanian*, 29(1), 79–86.
- Sudiyono, A. 2014. **Pemasaran Pertanian.** Universitas Muhammadiyah Malang Presss.