



## Shallot Marketing Aanalysis (Cace Study in Yafawun Village, Kei Kecil Timur District, Southeast Maluku Regency)

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### ABSTRACT

This study aims to analyze the channels and marketing efficiency of shallots in Yafawun Village, Kei Kecil Timur District, Southeast Maluku Regency. The method used is purposive sampling with 18 shallot farmer respondents. The results show that there are four marketing channels: (1) farmer-consumer, (2) farmer-retail trader-consumer, (3) farmer-BUMDes-retail trader-consumer, and (4) farmer-inter-island trader-consumer. The first channel has the highest efficiency with a value of 100%, while the other channels have efficiencies ranging from 9.4% to 11.05%. Although the efficiency values are relatively efficient, the shallot marketing in this village is not yet optimal due to the low quality of production, which results in low profits for the farmers. Therefore, it is necessary to improve agricultural product quality and adopt more effective marketing strategies to increase farmers' income

## **INTRODUCTION**

Agriculture still plays a strategic role in Indonesia's economy, particularly in the horticulture subsector, which includes high-value commodities such as shallots (Theresia et al., 2016). Shallots are not only a staple food for households but also significantly contribute to inflation due to price fluctuations (Ziana et al., 2024). Southeast Maluku Regency, especially Kei Kecil Timur District, has been designated as a shallot production center based on the Minister of Agriculture's Decree No. 472 of 2018. According to data from BPS Southeast Maluku (2024), shallot production in Kei Kecil Timur District has decreased significantly. In 2018, production reached 4,000 quintals with a harvested area of 50 hectares. However, in 2023, production plummeted to 795 quintals with a harvested area of only 11 hectares, before slightly increasing again in 2024 to 1,875 quintals from 25 hectares. This decline reflects serious issues in the cultivation and marketing systems of shallots in the region. Looking at the main producing villages, Yafawun Village contributed the largest share of the total production in Kei Kecil Timur District. In 2018, production from this village reached 2,627 quintals, but dropped to only 600 quintals in 2023, before rising to 1,875 quintals in 2024. The decline in production is influenced not only by technical factors such as weather, seeds, and irrigation but also by economic issues, particularly the inefficient marketing system of the harvested crops. The numerous intermediary institutions increase costs and reduce the price share received by farmers (Sofanudin & Eko, 2017). This study is important due to the lack of local studies in Eastern Indonesia regarding the efficiency of horticultural marketing channels. Therefore, the aim of this article is to identify the marketing channels for shallots and analyze the margins and efficiencies to improve the income of farmers in Yafawun

## **LITERATURE REVIEW**

Agriculture, particularly the horticultural sub-sector, continues to play an essential role in Indonesia's economy, with shallots being one of the strategic commodities with high economic value (Theresia et al., 2016). Shallots are not only a staple household need but also contribute to national inflation due to frequent price fluctuations (Ziana et al., 2024). According to data from the Central Bureau of Statistics (2024), shallot production in Southeast Maluku Regency has shown a significant decline, caused by various technical factors such as climate change, the use of suboptimal seeds, and an inefficient marketing system.

In the agricultural marketing literature, Kotler and Keller (2016) explain that distribution channels consist of a series of institutions involved in delivering products from producers to consumers. The efficiency of distribution channels is crucial to ensure that farmers receive a fair portion of the selling price (Achmad, 2004). Mubyarto (1989) stated that the shorter the distribution channel, the greater the share of the price that can be directly received by producers. Previous studies reinforce these findings. Yelfiarita et al. (2020), in their research in Sungai Nanam Village, found that direct marketing from farmers to consumers is far more profitable than indirect marketing involving many intermediaries. Similarly, Muhammad et al. (2020) in North Tidore showed that the highest

marketing margins occurred in longer channels, resulting in a smaller share of the price received by farmers.

Research by Irpan et al. (2022) in Enrekang also confirmed that the presence of many intermediaries in the shallot marketing channels increased the margins but reduced the farmers' income. Ardiansyah et al. (2022) in Pidie Regency found that although both marketing channels studied showed good efficiency (efficiency value <50%), the marketing margin remained smaller in the shorter channel. Similar findings were observed by Ratnasari (2015) in her study on cabbage marketing in Jember Regency, where the one-level channel, namely farmers selling directly to middlemen and then to consumers, proved to be more efficient than multi-level channels. Putri (2021), in her research on tempe marketing, also showed that shorter channels are more efficient compared to longer channels involving many retailers.

Besides the length of the distribution channel, the role of local institutions such as Village-Owned Enterprises (BUMDes) is also crucial in supporting the distribution of agricultural products. Sutrisno (2018) emphasized that strengthening BUMDes as marketing institutions could shorten distribution chains, although field implementation often faces managerial and technical challenges. In line with technological advancements, Astuti et al. (2020) highlighted the importance of digital transformation in the agricultural sector through the use of e-commerce platforms to accelerate distribution, reduce transaction costs, and increase farmers' profits.

In this context, the research conducted in Yafawun Village confirms that direct marketing channels between farmers and consumers are the most efficient. Using the efficiency analysis approach by Sudiyono (2004), this study shows that channels with minimal intermediaries provide greater profits to farmers and lower marketing costs. Thus, the consistency between theories, previous research findings, and the results of this study strengthens the importance of developing shorter marketing systems, based on information and technology, and supported by the strengthening of local institutions to improve farmers' welfare.

## **METHODOLOGY**

This study uses a quantitative approach with a descriptive method. This approach was chosen to systematically describe and analyze the marketing channels, margins, and marketing efficiency of shallots in Yafawun Village. The descriptive quantitative approach is considered effective for explaining economic phenomena in a measurable and objective way (Sugiyono, 2019). The main objective of this approach is to provide an accurate empirical overview of the distribution patterns and marketing performance at the farmer level, as suggested by Nazir (2014), who stated that descriptive methods are useful for explaining the conditions and phenomena occurring in society in a factual manner.

The research was conducted in Yafawun Village, Kei Kecil Timur District, Southeast Maluku Regency. This location was purposively chosen because it is a shallot production center in the region. The purposive sampling technique is used in both qualitative and quantitative research to select locations or

respondents based on specific criteria relevant to the research objectives (Sugiyono, 2019). The study was carried out over two months, from January to February 2024. According to Arikunto (2010), the determination of research time and location is crucial to ensure alignment with the context of the issue being studied.

The population in this study consists of all active shallot farmers in Yafawun Village, totaling 18 people. Since the population is relatively small, all farmers are used as the sample through a census method. According to Arikunto (2010), if the population is less than 100 people, it is better to use the entire population as the sample. In addition to farmers, additional informants include retail traders, BUMDes, and inter-island traders involved in the shallot distribution system. Informants from marketing institutions were selected using the snowball sampling technique, which is based on recommendations from initial respondents. This technique aligns with Naderifar et al. (2017), who state that snowball sampling is effective for reaching individuals who are difficult to identify directly by the researcher.

The primary instrument in this study is a semi-structured questionnaire containing open-ended and closed-ended questions related to: the identity and characteristics of the respondents, the marketing channels used, marketing cost components, selling prices and profit margins, perceptions of efficiency, and marketing obstacles. The questionnaire is supplemented with an interview guide used to explore the respondents' answers qualitatively.

Data were collected through the following techniques: direct interviews with farmers and marketing actors using a questionnaire guide; field observation of marketing practices, interactions between actors, and the physical distribution process of shallots; and documentation in the form of secondary data from the Department of Agriculture, the Department of Food Security, and the BPS (Statistics Agency) of Southeast Maluku Regency, such as production data, prices, and land area.

Data analysis was conducted quantitatively and descriptively. According to Sugiyono (2019), this approach is used to systematically describe numerical data so that it can be analyzed objectively. The analysis process includes:

### **1. Identification of Marketing Channels**

The marketing channels are classified based on the distribution route from farmers to consumers, as well as the intermediary institutions involved. According to Kotler and Keller (2016), a distribution channel consists of a series of interdependent organizations involved in the process of delivering products from producers to consumers.

### **2. Calculation of Margin and Marketing Costs**

Marketing margin is calculated using the formula: "Marketing Margin" = "Consumer Price" - "Farmer Price"

Marketing costs and profits are calculated based on components such as logistics, storage, packaging, and distribution costs. According to Achmad (2004), margin and cost analysis is crucial for measuring the balance of profits among the distribution actors of agricultural products.

### 3. Analysis of Marketing Efficiency

Marketing efficiency is calculated using a ratio approach:

$$ER = \frac{\text{Marketing Costs}}{\text{Selling price}} \times 100\%$$

A channel is considered efficient if the ER value is < 50% (Sudiyono, 2004).

### 4. Interpretation of Results

The results of the analysis are linked to the marketing concepts of Kotler and distribution channel theory, as well as findings from previous studies to strengthen the argument. Data are presented in the form of tables, graphs, and descriptive narratives to facilitate understanding by the readers. According to Swastha and Handoko (2011), a visual and narrative approach is essential in presenting marketing results to make it more communicative. Each marketing channel is compared in terms of distribution chain length, margin, costs, profits, and efficiency. The interpretation is organized in a scientific narrative form to emphasize the implications of the research findings on the actual conditions of shallot farmers in Yafawun Village.

## RESULTS AND DISCUSSION

This study aims to identify the marketing channels for shallots and analyze the margins and efficiency of these channels in Yafawun Village, Kei Kecil Timur District, Southeast Maluku Regency. The findings are presented in line with the research questions and are linked to the theoretical framework and findings from previous studies.

### 1. Shallot Marketing Channels in Yafawun Village

Based on observations and interviews with farmers and marketing actors, four shallot marketing channel patterns were identified, namely:

- a. **Channel I:** Farmer → Consumer
- b. **Channel II:** Farmer → Retail Trader → Consumer
- c. **Channel III:** Farmer → BUMDes → Retail Trader → Consumer
- d. **Channel IV:** Farmer → Inter-Island Trader → Consumer

Channel I is the simplest channel because it does not involve intermediary marketing institutions. Shallots are sold directly by farmers to consumers in the village or local restaurants. This channel reflects a zero-level marketing channel as described by Kotler (2002), which explains direct distribution from the producer to the consumer without intermediaries.

On the other hand, Channels II to IV involve intermediaries in the distribution process, categorizing them as one-level to three-level channels. The longer the distribution channel, the greater the potential for inefficiency, as more actors take a share from the final selling price. This aligns with the statement by Sofanudin and Eko (2017), that the longer the channel, the smaller the portion of the price received by the producer.

## **2. Marketing Margin and Efficiency Analysis**

Each marketing channel has a different cost structure, margin, and profit. The following is a summary of the findings

### **a. Channel I**

The total margin is Rp0 because the price from the farmer is the same as the price paid by the consumer. The marketing cost is minimal, at Rp3,909, and the profit received by the farmer is Rp25,091. This shows high efficiency because the farmer directly receives the economic benefit from their production.

### **b. Channel II**

Involves a retail trader. The marketing margin increases due to the price difference between the farmer and the consumer. However, efficiency decreases to 9.5%, as most of the selling price is absorbed by the costs and profits of the retail trader.

### **c. Channel III**

Characterized by the involvement of BUMDes (village economic body). Although BUMDes aims to assist farmers, the margin and efficiency of this channel only reach 9.4%. This is due to BUMDes's operational costs and the limitations of the local distribution system.

### **d. Channel IV**

Involves inter-island traders. The margin and marketing efficiency slightly increase to 11.05% because the selling price is higher outside the island. However, the profit received by the farmer remains low due to high distribution and logistics costs.

According to Sudiyono (2004), marketing efficiency is considered achieved if the ratio between output and input (cost) shows an increase in added value. In this context, only Channel I meets the efficiency criteria due to its low cost and maximal output. Meanwhile, the other channels show low efficiency and tend to disadvantage farmers. This finding is supported by Saptana et al. (2019), who mention that the imbalance in marketing margins and high distribution costs are the main causes of low farmer incomes.

This study was conducted to examine the marketing channels, margins, costs, profits, and efficiency of shallot marketing channels in Yafawun Village.

### **1. Identification of Marketing Channels**

The initial step in this study was to identify all the shallot distribution channels used by farmers in Yafawun Village. Based on interviews with 18 farmers and several distribution actors, four main marketing channel patterns were identified:

Table 1. Shallot Marketing Channel Patterns

No	Marketing Channel	Description
1	Farmer → Consumer	Direct marketing
2	Farmer → Retail Trader → Consumer	Short channel, one intermediary level
3	Farmer → BUMDes → Retail Trader → Consumer	Two-level channel
4	Farmer → Inter-Island Trader → Consumer	Local export distribution channel between regions

Source: Processed Data

## 2. Calculation of Marketing Margin, Costs, and Profits

After calculating the margin, distribution costs, and profits obtained from each channel, the data were gathered from interviews as well as purchase and sales records from farmers and traders.

Table 2. Summary of Marketing Margin, Costs, and Profits

Channel	Consumer Price (Rp/kg)	Farmer Price (Rp/kg)	Margin (Rp)	Marketing Costs (Rp)	Profit (Rp)
I	30.000	30.000	0	3.909	25.091
II	35.000	28.000	7.000	4.320	2.680
III	36.000	27.000	9.000	4.550	4.450
IV	40.000	26.000	14.000	5.450	8.550

Source: Processed Data

## 3. Marketing Efficiency Analysis

Marketing efficiency is calculated by comparing marketing costs to the total value of the product sold. Based on the efficiency formula ( $ER = \text{marketing costs} / \text{Selling Price} \times 100\%$ ), the efficiency results for each channel can be seen in the following table:

Table 3. Marketing Efficiency Value by Channel

Channel	Marketing Costs (Rp)	Selling Price (Rp)	Efficiency Ratio (ER)
I	3.909	30.000	13,03%
II	4.320	35.000	12,34%
III	4.550	36.000	12,64%

IV	5.450	40.000	13,63%
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Source: Processed Data

Channel I is the most efficient due to its very low marketing costs. Although Channel IV has the highest margin, its marketing costs also increase, resulting in slightly lower efficiency.

#### 4. Comparison of Results Across Channels

Based on the above analysis, it can be concluded that:

- a. Channel I provides the highest profit directly to farmers and is the most efficient.
- b. Channel IV yields a large margin, but most of the profit is enjoyed by inter-island traders.
- c. Channels II and III show similar efficiency levels, but involve more intermediaries, which tends to reduce farmers' profits.

This presentation of results shows that direct marketing is more profitable and efficient for farmers, but challenges such as limited market access and distribution capabilities remain key obstacles that need to be addressed.

### CONCLUSION AND RECOMMENDATION

Based on the research results regarding the marketing analysis of shallots in Yafawun Village, Kei Kecil Timur District, the following conclusions can be drawn:

- a. There are four shallot marketing channels in Yafawun Village, namely:
  - **Channel I:** Farmer → Consumer
  - **Channel II:** Farmer → Retail Trader → Consumer
  - **Channel III:** Farmer → BUMDes → Retail Trader → Consumer
  - **Channel IV:** Farmer → Inter-Island Trader → Consumer
- b. Channel I has proven to be the most efficient and beneficial for farmers because it does not involve intermediaries. Conversely, Channels II, III, and IV show lower efficiency due to high distribution costs and larger margins enjoyed by intermediary traders.
- c. The main factors influencing marketing efficiency include the length of the distribution channel, low product quality, limited access to market information, and the suboptimal role of local institutions such as BUMDes.
- d. This study emphasizes that farmers' efficiency and profits can be improved through shorter, integrated marketing systems based on accurate and real-time information.

#### Suggestions

Based on these conclusions, the author proposes the following suggestions:

- a. Encourage the strengthening of farmer institutions, such as cooperatives or farmer groups, to collectively manage marketing and improve bargaining power in the distribution chain.
- b. Shorten marketing channels through support for digital infrastructure (e-commerce, agricultural market apps), enabling farmers to sell directly to consumers or regional markets without full reliance on large traders.

- c. Improve production capacity through technology-based shallot cultivation training, better access to irrigation water, and the use of sustainable high-quality seeds.
- d. Revitalize the role of BUMDes to be more professional and strategic in managing harvests, not only as intermediaries but also as business partners for farmers.
- e. Local governments are expected to facilitate fair and transparent marketing policies, including setting minimum prices, providing access to farming finance, and developing specialized local horticultural markets.

With the implementation of these strategies, the shallot marketing system in Yafawun Village can become more efficient, fair, and sustainable in the long term.

### **FUTHER STUDY**

This research still has a delay, so it is necessary to conduct further research related to the topic of Shallot Marketing Aanalysis (Cace Study in Yafawun Village, Kei Kecil Timur District, Southeast Maluku Regency) to improve this research and add insight for readers

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