Implementation of effective distribution channels in the marketing of traditional rubber plantation in Tambang District, Kampar Regency, Riau

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Abstract. Rubber marketing carried out by rubber farmers still involves several related institutions or does not sell rubber directly to factories so it provides several marketing channels for rubber in Tambang District. Factors which influence marketing channels are market considerations, product considerations, producer considerations and retail considerations. This research is expected to answer the channel research objectives and the factors that influence rubber marketing channels by using quantitative research methods, namely research that emphasizes analysis of numerical data (numbers) processed with statistical methods that can produce research results for each variable. The method of data collection is done by questionnaire, interview and observation. Based on the results of the study, there are four rubber marketing channels in Tambang District, namely marketing Channel I (farmer-trader-factory collector) of 42,19%. Marketing channel II (farmer, trader, wholesaler, factory) amount to 23,44%. Marketing channel III (farmer-trader-factory) of 26,56%. Marketing channel IV (farmer-farmer group-wholesaler-factory) by 7,81%. The results of the study of market considerations and producer judgment indicators are not good while the indicators of product valuation and considerations are good. The marketing channels in rubber marketing in Tambang District are in the unfavourable category with a total score of 1.112 and with a percentage of 48,23% from 64 respondents.

1 Introduction

Rubber is one of the plantation commodities that has economic value. Indonesia is one of the largest natural rubber exporters in the world, so that Indonesia has a potential to globally conquer the export market [1]. The results of rubber taps have many uses and have economic value so that these commodities are cultivated and used for industrial raw materials. However, at present the contribution of the rubber plantation sector to the improvement of community welfare and regional development can be said to be still not optimal. One obstacle that occurred is the lack of information about marketing rubber plantation products. One effort to create ideal market conditions can be done through good pricing mechanisms, ease
of marketing, strong position of farmers and the plantation industry in bargaining, developing and expanding markets, encouraging wider access to market information, developing channel institutions marketing, creating an orderly business, increasing consumer protection, increasing the ability of small entrepreneurs and middle economic groups, improving marketing facilities and infrastructure, reducing market irregularities in order to create an efficient marketing condition starting from farmers to end consumers and other efforts [2].

Kampar Regency is one of the districts in Riau Province that focuses plantation crops as one of the sectors of regional economic development. In fact, the rubber commodity has become one of the main sources of livelihood for the community’s economy in Kampar Regency and has been endeavored for generations by the local community. Kampar Regency is the second highest rubber production district after Kuantan Singingi District where the number of rubber plantation production in Kampar Regency in 2016 was 71,883 tons and in 2017 was 52,904 tons, then Rokan Hulu and other districts in Riau Province were followed. The area of rubber plantations in Kampar Regency in 2016 was 99,322 ha decreased to 94,011 ha in 2017 [3]. The decline in production and area of rubber plantations in Kampar Regency is allegedly due to the conversion of land from rubber plantations to oil palm plantations which are considered to be easier to cultivate and have a higher economy.

Tambang District is one of the rubber producing districts in Kampar Regency, Riau Province. The number of farmers in Tambang District was 2,721 farmers in 2017 with a rubber plantation area of 5,016 ha. In 2017 the production of rubber plantations in Tambang District was 3,758 tons [4]. The problem faced by rubber farmers in Tambang District is that prices tend to fluctuate in unpredictable periods. The problem of rubber marketing in Tambang District is the strategic location of farmers’ rubber plantations, namely the location of plantations that are relatively close to factories. However, farmers buy and sell rubber through intermediary institutions namely collectors or large traders, where the price of rubber is determined by the collecting traders or large traders who make the rubber farmers occupy a disadvantage in the transaction so that rubber farmers are in the most position weak. The price of natural rubber which tends to fluctuate in the international market when compared to the price of synthetic rubber which is relatively stable has an effect on farmers’ income [5].

2 Research methods

This research was carried out in Tambang District, Kampar Regency, Riau Province from February 2019 to August 2019. This type of research is a descriptive survey using quantitative research methods that describe the actual situation of what is available at the time of research by collecting data, classifying and analyzing it. The sampling technique in this study uses a purposive sampling method, it is 64 samples consist of traders as many as 7 people, as many as 1 farmer groups, large traders as much as 2 people and 1 factory.

3 Results and discussion

3.1 Marketing channels

Marketing channels are called marketing channels or trade marketing channels can be described as a route. The marketing channel used must be an efficient tool for achieving goals. Streamlining the flow of goods and services from producers to consumers, one important factor is choosing an effective and efficient marketing channel. The rubber marketing channel is a cross channel of rubber marketing from farmers as producers to factories as consumers. The flow of bokar travel occurs because of the role of marketing
institutions. Marketing channels are channels that are used by producers to deliver products to consumers. In product distribution, people as distributors can be a tool to get feedback from consumers in the market. Determination of the number of distributors is also an important issue to consider. Long or short marketing channels can be seen from the large and small marketing margins, not based on the number of marketing institutions involved, because marketing margins are an appearance of the contribution of costs and profits that occur in marketing a commodity. That is, if the marketing margin is higher, then the marketing chain can be said to be getting longer or less good. Conversely, if marketing margins get smaller, it can be said that the marketing channels are more efficient or better [6]. Here are some of the attributes that affect marketing channels.

According to Alfira et al. [7] marketing channel is a flow path that is traversed by farmers to collectors and wholesalers to convey rubber processed materials to the factory. Marketing channel can be seen in Fig. 1.

![Marketing Channel IV in Tambang District](image)

**Fig. 1.** Marketing channel IV in Tambang District.

### 3.2 Factors that influence the rubber marketing channel

The selection and determination of the marketing channels to be used by producers must consider the situation and conditions of the producers, because the selection of marketing channels for one producer may not be suitable for other producers. Therefore the importance of this marketing channel because like a link that is suitable for a particular producer may not be suitable for other producers. For this reason, some guidelines will be presented here that can be used as consideration in determining the right marketing channel. Producers must pay attention to various factors that are very influential in the selection of marketing channels. The factors that affecting are (1) Market consideration, (2) product consideration, (3) consideration of intermediaries and (4) company consideration [8].

#### 3.2.1 Market considerations

Market considerations are one of the factors that greatly influence consumer purchasing patterns, and therefore market conditions are a determining factor in the selection of marketing channels. If the target market is right on target, the sales volume can increase, besides that the market also functions as a place for traders to get their customers. These is relate to Putri et al. [9] findings that choose the right marketing channels by suggestion to
policy makers need to resolve and stimulate smallholder farmers. Marketing channels are very influenced by consumer purchasing patterns, so this market condition is a determining factor in the selection of marketing channels. Some factors that must be considered are the consumer or industrial market, number of potential buyers, market concentration geographically, order amount, and habits in purchasing [9].

The response of farmers from 64 respondents who filled out a questionnaire regarding market considerations in the rubber marketing channel in Tambang District can be seen in Fig. 2 and product considerations can be seen in Fig. 3.

![Fig. 2. Market considerations.](image)

According to Konuk [10], stating that in the monopsonist or oligopsony market the price increase at the farm level will be smaller than the price increase at the factory level due to the behavior of traders who try to maximize their profits by providing incorrect or even late information for an increase in rubber prices aimed at pressing the purchase price from farmers.

![Fig. 3. Product considerations.](image)

According to bokar quality standards (SNI), bokar quality is said to be good marked by: (1) Thickness of 5-15 cm; (2) Using ant acid coagulants; (3) average storage or drying time of 2 weeks by not soaking bokar in water; (4) KKK is more than 40% and; (5) Bokar is not mixed with dirt. When compared to the bokar produced by farmers both from the consistency requirements and contamination with the bokar quality standards in accordance with the SNI, it can be concluded that the quality of bokar produced by farmers is not good. Konuk [10] states that the quality of the products produced is a key factor in the willingness of customers to return to buy the product so that it can support market success.

### 3.2.2 Manufacturer considerations

Consideration of producers is also one of the most important factors in running a business or in marketing channels. In terms of producers, several factors considered in choosing marketing channels include spending sources, experience and management skills, channel...
surveillance, and services provided by the seller. Service quality is intended as an effort to fulfill consumer needs and desires as well as appropriate delivery in balancing consumer expectations [11].

Following is the response of farmers from 64 respondents who filled out a questionnaire regarding market considerations in the rubber marketing channel in Tambang District can be seen in Fig. 4.

Fig. 4. Manufactur considerations.

According to Napitupulu [12], the bokar product offered by farmers must be a product that has been well tested for its quality, because for consumers the priority is the quality of the product. Aside from being technically useful to prevent rubber loss during the rainy season, farmers have also been trapped in fallacy dogs and paints where farmers try to increase the weight of bokar to compensate for the perception of buyers cheating reducing the weight of bokar when weighing is done [12]. Quality of farming products could be important instrument of rural development [13]. But many farmers do not pay attention to the quality of rubber due to the loss of traders’ appreciation for farmers’ efforts to produce good quality rubber.

3.2.3 Intermediary considerations

A financially strong producer can use fewer intermediaries compared to a financially weak producer. With sufficient funds producers can handle their own sales transportation. In terms of intermediaries, several factors to consider include services provided by intermediaries, the use of intermediaries, the attitude of the intermediaries, sales volume, and fees [9]. The intermediary considerations can be seen in Fig. 5.

Fig. 5. Intermediary considerations.

Collector traders collect bokar from farmers in the village and around their villages. Usually traders can collect 1-3 tons of bokar each week. Collector traders generally reside in the same village location or can even come from the surrounding villages. Some collector traders in Tambang District also work as farmers. These farmers are farmers who have sufficient capital in carrying out these business activities. Rahmadaniih et al. [14] says that...
collecting traders as small traders that function to exchange (buying, selling), physical (storage and transportation) and facilitating (sortation, finance, risk and information).

Next, the farmers group the name Pogang. Farmer groups have an important role in marketing rubber for economic growth in rural areas. Say that farmer group can increasing farm production, has relationship with the household food security. The Rubber Farmer Group prefers to sell the bokars to large traders [14]. Farming groups are supposed to increase members access to inputs, equipment and better price for their crops through collective marketing [15].

4 Conclusion

Tambang District there are four marketing channels namely marketing channel I starting from farmers to collectors then to factories (42.19%). Marketing channel II from farmers to collectors, then traders to large traders, followed by large traders to the factory (23.44%). Marketing channel III starts from farmers to big traders then to factories (26.56%). Marketing channel IV from farmers to the Rubber Pogang Farmers Group then the Rubber Pogang Farmers Group to large traders followed by large traders to the factory (7.81%). Factors affecting the rubber marketing channel are market considerations, product considerations, producer considerations and intermediary considerations.

References

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