Coffee Marketing Analysis in Sigarang-garang Village, Karo Regency

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Abstract

This study aims to determine the marketing channels, margins, and efficiency of coffee marketing in Sigarang-garang Village, Karo Regency. Data were collected through questionnaires and interviews with farmers, collectors, and wholesalers to determine the structure of the coffee marketing channel. The results indicate that the marketing channel in the study area is a single-level channel, involving one intermediary, namely the collector. The marketing margin value for the collector is IDR 3,000/kg, while for wholesalers it reaches IDR 53,000/kg. Coffee marketing efficiency in Sigarang-garang Village was recorded at 3.04%, indicating efficiency.

Keywords: Coffee Marketing, Marketing Channels, Marketing Margins And Marketing Efficiency, Sigarang-garang Village

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Introduction

Indonesia is the world's third-largest coffee producer after Brazil and Vietnam. As the third-largest coffee producer, Indonesian coffee production has tended to increase over the past five years. According to Statistics Indonesia 2023, Indonesian coffee production reached 794.8 thousand tons in 2022, a 1.1% increase compared to 2021. In recent years, Indonesia's coffee production reached its highest level in 2021.[1]

According to the Central Statistics Agency (BPS) in 2022, coffee has a significant contribution to agricultural exports. In 2019, coffee contributed 40.84% to total annual agricultural exports (Binarth et al., 2022). Therefore, coffee (Coffea sp.) is one of the plantation crops in Indonesia whose commodities are considered to strengthen the country's foreign exchange. According to data from the Directorate General of Plantations, Arabica coffee production reaches more than 1,000 tons, dominated by North Sumatra, Aceh, South Sulawesi, and several other regions (Irmeilyana et al., 2019). Coffee plantations are dominated by smallholder plantations at 95.37%, with Robusta coffee at 81.96% and Arabica coffee at 18.04%.[2]

There are two types of coffee chosen for cultivation in Indonesia: Arabica and Robusta. Arabica coffee excels in its distinctive flavor, which leads to a niche market, while Robusta coffee is a strategic commodity for empowering the local economy. The prospects for Indonesian coffee are significant, supported by the availability of land for coffee cultivation, as well as Indonesia's geographical and climatic advantages, which produce coffee with a flavor and aroma that is popular worldwide.[3]

In agriculture, marketing is a crucial activity and the ultimate goal of agricultural activities. Unstable marketing activities lead to inadequate pricing, which demotivates farmers to properly care for their crops, leading to a decline in supply and high prices. Once prices improve, farmers typically regain their motivation to properly care for their crops, leading to an increase in supply and a subsequent decline in prices.[4[

Problems in Arabica coffee marketing impact farmers' profits. Therefore, an appropriate marketing information system is needed to bring coffee to market. Furthermore, the marketing implemented must be efficient to benefit farmers and improve their well-being. This is the background to this research: Analysis of Arabica Coffee Marketing in Sigarang-garang Village, Namanteran District, Karo Regency.

Literature Review

2.1 Marketing

Marketing is the process by which individuals or groups satisfy needs and wants through the creation, offering, and exchange of goods and services. Marketing encompasses the entire system of business activities aimed at planning, pricing, promoting, and distributing goods and services that will satisfy the needs of both actual and potential buyers.[5]

2.2 Marketing Channels

A marketing channel is the route agricultural products take as they move from the farm gate, i.e., the producer farmer, to the final consumer or user. Marketing channels can be used as an indicator of the extent to which a company is operating efficiently. Marketing calculations in agricultural companies are relatively more complex than marketing analysis in other companies.[6]

Research Methodology 3.1 Research Approach

This study uses a quantitative descriptive approach. This approach is used to describe the research conditions, providing a clearer picture of the Arabica coffee marketing channels at the

research location.Primary data was obtained through field observations, documentation, and interviews, while secondary data was collected through relevant literature studies.

3.2 Research Location and Time

This research was conducted in Sigarang-garang Village, Naman Teran District, Karo Regency, for one month, in November 2025.

3.3 Research Stages

The research process was carried out in three main stages, namely:

a. Farming and Marketing Data Collection

Including data collection on coffee farmer profiles, land area, production, coffee types cultivated, harvesting and post-harvest patterns, and marketing data such as farm-level selling prices, marketing channels used, sales volume, and the parties involved as supporting data for the research.

b. Marketing Observations

Field observations were conducted to assess the actual conditions of coffee marketing in Sigarang Garang Village, including product flow patterns from farmers to consumers, marketing channel structures, farmers' bargaining power, and price variations at each level of marketing actors.

c. Formulation of Coffee Marketing Patterns and Strategies

Formulation of concepts for improving coffee marketing, such as strengthening farmer institutions, developing alternative marketing channels, improving product quality and differentiation, and establishing pricing strategies that are more profitable for farmers.

3.4 Variable Operational Parameters

The parameters observed in this study include:

a. Coffee marketing channels (type of buyer/marketing actor, distribution flow from farmer to buyer, type of marketing channel used).
b. Price, cost, and marketing margin aspects (farmer-level selling price, marketing costs incurred, farmer margins, marketing efficiency).

3.5 Population and Sample

The population in this study was all coffee farmers in Sigarang-Garang Village. Purposive sampling was used, selecting samples based on specific considerations, such as farmers actively producing coffee and having managed coffee land for at least two years.

3.6 Data Collection Techniques

The data collection techniques used include:

a. Questionnaire

Conducted by providing respondents with a set of written questions or statements to answer. This questionnaire consisted of information about the respondents' identities, including age, education level, and income, regarding Arabica coffee sales in Sigharanggarang Village. b. Observation

Direct observation at the research location, namely Sigarang-garang Village, Karo Regency.

c. Interviews

Conducted with relevant parties to obtain information on prices at each level of the marketing channel used.

3.7 Data Analysis Techniques

a. Data analysis was conducted using descriptive qualitative methods, namely research that provides a clearer picture of the Arabica coffee marketing channels at the research location.
b. Analysis of marketing margins and marketing efficiency of Arabica coffee was conducted quantitatively using marketing margins.

3.8 Type and Scope of Research

This qualitative and quantitative research aims to provide an understanding of the context of coffee marketing and provide data that provides a clearer and more measurable picture of the market. The scope of this research includes an analysis of various aspects of coffee marketing in Sigarang-garang Village, including marketing channels, marketing margins, and marketing efficiency.

Results

4.1 Coffee Marketing Channels in Sigarang-garang Village, Karo Regency.

Marketing is the final post-harvest handling activity carried out by farmers/producers for consumers. Marketing channels are a series of activities, intermediaries, and parties involved in distributing products from producers (farmers) to the market. Marketing institutions are intermediaries involved in the process of delivering goods/services from producers to consumers. Coffee marketing actors involved in the study area include farmers, collectors, and wholesalers. Traders purchase coffee from farmers by assessing the condition of Arabica coffee beans, based on their quality and moisture content, which allows them to determine the purchase price. Based on the research, traders purchase coffee (grain) from farmers at a price of IDR 59,000/kg.

4.2 Coffee Marketing Channel Patterns

Marketing channel patterns represent the marketing process, from producer to consumer, through specific mechanisms. The following coffee marketing channels, from farmers to wholesalers at the research site, are shown in Chart 1:



Figure 1. Coffee Marketing Channel Pattern in Sigarang-garang Village, Karo Regency

In the marketing channel, farmers sell coffee to collectors, who then sell the collected coffee to wholesalers. Farmers sell coffee to collectors, who also reside in Sigarang-garang Village. The collectors come directly to the farmers' locations using their own transportation. The collectors purchase coffee that has been packaged by farmers in sacks. The purchase price for Arabica coffee from farmers is determined by the collectors and agreed upon by the farmers.

At the research site, collectors purchase coffee (grain) at Rp. 59,000/kg. Collectors perform a storage function because the coffee purchased from farmers is not sold directly; the coffee is collected in a storage warehouse. The stored coffee is then sold to wholesalers at an agreed-upon price of Rp. 61,000-62,000/kg. This marketing channel uses a single intermediary, the collector. This channel is called a one-stage channel.

4.3 Marketing Margin

Marketing margin is the ratio between the selling price received by farmers and the purchase price paid by traders. Marketing margin typically consists of two components: the purchase price and the selling price. The price comparison between each marketing institution will impact profits, therefore, coffee prices will also vary across marketing institutions. A detailed analysis of costs, marketing margins, and profits across marketing channels is shown in the table below:

Table 1. Coffee Marketing Margin in Sigarang-garang Village

Description	Cost and Price (Rp/Kg)	Margin
Farmer:		
Selling Price	59.000	
Collector:		
Purchase Price	59.000	
Selling Price	62.000	
Marketing Margin		3.000
Marketing Costs	500	
Collector's Profit	2.500	
Wholesaler:		
Purchase Price	62.000	
Selling Price	115.000	
Marketing Margin		53.000
Group Cost	10.000	
Marketing Cost	3.000	
Wholesaler Profit	40.000	

Source: Processed Primary Data, 2025

Table 1 illustrates the marketing margin structure for coffee in Sigarang-garang Village, which involves three main actors: farmers, collectors, and wholesalers. Each actor in this coffee supply chain plays a crucial role in determining the selling price, marketing margin, costs, and profits. In the first stage, farmers sell coffee at Rp 59,000/kg. Collectors purchase coffee from farmers at Rp 59,000/kg and sell it to wholesalers at Rp 62,000/kg. Therefore, the marketing margin earned by the collectors is Rp 3,000 per kilogram. This margin represents the difference between the purchase price of coffee from farmers and the selling price to wholesalers. After deducting marketing costs of Rp 500/kg, the collectors' profit is Rp 2,500/kg. This indicates that although the marketing margin earned by collectors is relatively small, they still earn a profit after accounting for marketing costs. Next, at the wholesaler stage, coffee is purchased at a price of IDR 62,000/kg from collectors and sold at a price of IDR 115,000/kg. The marketing margin obtained by wholesalers is IDR 53,000/kg, which indicates the significant added value provided by wholesalers through distribution and marketing of coffee to a wider market. However, wholesalers also bear additional costs, namely processing costs of IDR 10,000/kg + marketing costs of IDR 3,000/kg, the total cost incurred by wholesalers is IDR 13,000/kg. And the wholesaler's profit is IDR 40,000/kg.

Coffee Marketing Efficiency

Marketing efficiency analysis:

$$\text{Efisiensi} : \frac{\text{Marketing Costs}}{\text{Final Product Value}}$$

$$\text{Efisiensi} : \frac{500+3.000}{115.000}$$

$$: 3.04\ \%$$

The calculation results show that the coffee marketing efficiency in Sigarang-garang Village, Karo Regency, is 3.04%. This means that 3.04% of the coffee's selling price is used to cover marketing costs (by both collectors and wholesalers). The lower this efficiency value, the more efficient the coffee marketing process, as marketing costs are relatively lower compared to the coffee's selling price.

Generally, a lower marketing efficiency percentage is better, as it indicates fewer resources are used for marketing compared to the value of the product received by consumers. Conversely, a higher marketing efficiency percentage indicates that marketing costs consume a significant portion of the product's value, indicating a less efficient marketing process.

Conclusion

From the research conducted, regarding the analysis of coffee marketing in Sigaranggarang Village, the following conclusions can be drawn:

1. A single marketing channel was identified in the research area, one that uses a single intermediary, the collector. This channel is called a one-stage channel.
2. The marketing margin for the collector is IDR 3,000/kg, and the margin for the wholesaler is IDR 53,000/kg. The coffee marketing efficiency in Sigarang-garang Village, Karo Regency, is 3.04%. This indicates that coffee marketing is highly efficient.

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