

# The Study Examines the Marketing Strategies of Goat and Sheep Farming Businesses in CV. Fajar Randu

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## ABSTRACT

The livestock sector has a very broad and systematic scope. Within the livestock business, the marketing function plays a crucial role. Marketing is based on the basic marketing code and is designed to emulate or function as part of a marketing system. Goat and sheep farming businesses are in great demand, both for daily needs and for religious celebrations. CV Fajar Randu's goat and sheep farming business is a farm that provides goat and sheep buying and selling, aqiqah, and qurban services. The types of goats and sheep raised here are local kacang goats and sheep, with varying prices offered. This research aims to identify the marketing and financial channels of CV Fajar Randu. The research was carried out in August-April 2023. The methods used in collecting data were interviews, observation, and questionnaires, while determining the research sample used a purposive sampling technique. The research results show that there are two marketing channels that occur, namely level I channels and level II channels and the marketing functions carried out by CV Fajar Randu are the exchange function and the physical supply function. Level I marketing channels have the smallest marketing margin, the largest farmer's share, and the most efficient marketing channel. The SWOT analysis results indicate that CV Fajar Randu is in quadrant I. The research results also show that the environmental conditions of CV Fajar Randu are good. According to the research findings, the CV Fajar Randu farm can employ SO as an alternative strategy. In conclusion Level I marketing channels is the most efficient ones.

**Keyword:** CV Fajar Randu, Goat, Margin, Marketing, Sheep

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## 1. Introduction

The scope of the livestock sector as a whole is very broad, including agribusiness, which is very systematic. The livestock sector business is not only growing in production and income. Today's marketing is based on the basic marketing code and is designed to imitate or function as part of a marketing system. Livestock businesses carry out the marketing function to familiarize consumers with the products they offer [1]. Businesses that farm goats and sheep are crucial for everyday needs like providing the primary raw material for satay and curry, as well as for major holiday celebrations like aqiqah and Eid al-Adha. To achieve marketing efficiency in the sale of goats and sheep, a relationship between producers and consumers is essential [2]. This relationship directly links to marketing, which involves various institutions such as agent traders, collectors, and retailers.

The distribution and marketing process requires a container or place that helps the marketing process run well and efficiently, one of which is the local goat and sheep farming business CV Fajar Randu. CV Fajar Randu's goat and sheep farming business is a farm that provides goat and sheep buying and selling, aqiqah, and qurban services. The types of goats and sheep raised here are local kacang goats and sheep, with varying prices offered. CV Fajar Randu itself uses intensive cages in managing the livestock they raise, this is the reason why the livestock they produce is of high quality and meets the needs of the consumer market. The Bireuen market's marketing process operates smoothly, but if CV Fajar Randu fails to meet its capital requirements, it could lead to delays in the buying and selling process. Therefore, it is important to know the flow of institutions, channel forms, marketing functions, marketing costs, and the SWOT analysis of CV Fajar Rindu.

## 2. Method.

This research was carried out in August–September 2023 at the CV Goat and Sheep Farming Business in Fajar Randu, North Binjai District, Binjai City, North Sumatra Province. We intentionally used purposive sampling to select research locations on goat and sheep farming businesses, based on their continuous livestock sales outside the city. Data collection is in the form of primary data.

### 2.1 Data collection methods

Descriptive analysis serves as the fundamental method in research. A questionnaire is used to implement the technique. The data is collected using two methods: the interview method and the observation method.

### 2.2 Data analysis method

To determine the marketing system for goats and sheep, descriptive analysis is used, which includes marketing channels and marketing functions. Formulating marketing costs into the following sections:

$$B_p = B_{p1} + B_{p2} + \dots + B_{pn}$$

Information:  $B_p$  = marketing costs

$B_{p1} + B_{p2} + \dots + B_{pn}$  = marketing costs for each marketing agency

### 2.3 Analysis of marketing institutions, channels, and functions

Marketing institutions were analyzed to find out the institutions involved in the goat and sheep marketing system in the Bireuen market in Aceh. This analysis will yield information on product flows, which can establish marketing channels from the farmer level to the final consumer level. These marketing institutions generally perform exchange functions, physical functions, and facility functions.

### 2.4 Marketing efficiency

Marketing efficiency is the ratio between marketing costs and selling prices to consumers. Quantifies the value of marketing channel efficiency as follows

$$Eps = \frac{TB}{TNP} \times 100\%$$

Information: Eps : Marketing efficiency (%)

TB : Total marketing costs (Rp)

TNP: Total product value (Rp)

Decision rule:

$Eps > 50\%$  = Inefficient

$Eps < 50\%$  = Efficient

### 2.5 Marketing margin

[3, 4] marketing margin as the difference between the price that final consumers pay and the price that farmers and producers receive. The marketing margin encompasses both marketing costs and marketing profits within the context of marketing expenses. Systematically, marketing margins can be calculated in the following way:

$$M = P_r - P_f \text{ or } M_p = B_p + K_p$$

Information:  $M / M_p$  = Marketing margin

$P_r$  = Price at the retail level

$P_f$  = Price at farm level

$B_p$  = Marketing costs

$K_p$  = Marketing profit

### 2.6 SWOT analysis

SWOT analysis is used to analyze the data obtained descriptively. SWOT analysis is an analytical method used to analyze internal environmental factors, which contain a company's strengths and weaknesses, as well as external environmental factors, which contain opportunities and threats for a business. Company environmental data, both internal and external, is processed using non-statistical methods, namely IFAS, EFAS, IE, and SWOT matrix analysis tools, to answer the formulated research objectives.

## 3. Discussion

### 3.1 General Description of Research Locations

Mr. Erwandi initially led the formation of CV Fajar Randu, a goat and sheep farming business, as a people's farm that later evolved into CV Fajar Randu. Initially, CV Fajar Randu solely focused on breeding

and fattening. However, as time went by, this livestock business began to carry out buying and selling programs, as well as fattening. Currently, this livestock business has a total of 250 goats and sheep. CV Fajar Randu, in addition to acting as a producer, is also a collector. CV Fajar Randu purchases sheep and goats from local farms in Binjai City, North Sumatra, or its surrounding areas. He then sells livestock suitable for sale to Bireuen City, Aceh Province, and fattens the livestock that doesn't meet the criteria. CV Fajar Randu sets the selling price based on the market price in the livestock sales area. The average price of livestock at the animal market in Binjai City, North Sumatra, is Rp. 1,750,000, while the average price in Bireuen City, Aceh Province, is Rp. 1,950,000.

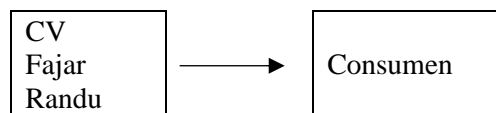
### 3.2 Marketing Function

CV Fajar Randu carries out two of these three marketing functions: the exchange function, the physical provision function, and the facility function. The exchange function is carried out by CV Fajar Randu by purchasing sheep and goats from local farms, where the exchange here is exchanging money to get sheep and goats from people's farms. CV Fajar Randu can carry out the exchange function by exchanging money or products, but in this case, he uses money for the exchange function.

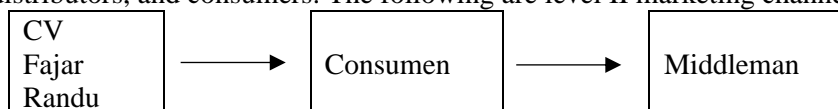
Additionally, CV Fajar Randu performs the physical provision function, selling livestock that meets quality standards from local farms to the animal markets in Binjai City and Bireuen City, while bringing livestock that doesn't meet these standards to CV Fajar Randu for fattening. CV Fajar Randu manages storage to ensure the continuous supply of sheep. This aligns with [5] assertion that the physical supply function involves transportation and storage, aimed at bringing the product—in this case, sheep—closer to consumers. Storage also ensures a steady supply of the product, preventing shortages. CV Fajar Randu sells sheep at an average price of IDR 1,850,000, which is lower than the price range of IDR 1,800,000 to IDR 2,000,000 in Kisaran City. In Meulaboh City, Aceh Province, sheep are sold for IDR 2,800,000 to Rp 4,500,000. Meanwhile, for the price of goat livestock, CV Fajar Randu, the average price is IDR. 1,850,000 in both Binjai City and Bireuen City, Aceh Province, while the price of goat livestock in Kisaran City, North Sumatra, is around Rp. 1,300,000 to Rp. 2,800,000, and the average price of goat livestock in Meulaboh City, Aceh Province, is 2,250,000. Jihad *et al.* (2020), in their research, identified two marketing functions in the institutions involved: the measurement function and the physical provision function [6].

### 3.3 Marketing Channel

Marketing channels are a series of activities carried out by institutions to distribute products or services. This is in line with the definition of marketing channels put forward by [7] which states that marketing channels are distribution institutions that carry out activities to distribute or deliver goods or services to consumers. The research on the sheep and goat farming business at CV Fajar Randu revealed two marketing channels under its ownership: level one and level two. Several organizations connect to each other through Level I marketing channels, distributing goods to consumers and manufacturing goods and services for their consumption. Consumers directly visit the CV Fajar Randu farm location to engage in level one marketing channels. According to the research results, consumers who visit CV Fajar Randu directly do not have a fixed buying frequency, as they typically purchase livestock from CV Fajar Randu only during major events like aqiqah and qurban. This is in accordance with previous research which found that sheep marketing occurs directly from producers to consumers in the direct channel. The following are level-zero marketing channels:



The next channel owned by CV Fajar Randu is the level II marketing channel is CV Fajar Randu's next channel. According to [7], level II marketing is a channel that consists of only one intermediary. According to research findings, CV Fajar Randu had level one marketing channels in Binjai City, North Sumatra, and Bireuen City, Aceh Province. In the level II marketing channel in Binjai, the sheep brought by CV Fajar Randu were purchased by collectors when CV Fajar Randu marketed his livestock at the Binjai animal markets. In the level II channel in Bireuen City, Aceh Province, the sheep and goats brought by CV Fajar Randu were purchased by collectors when they were sold at the animal market in Bireuen City, Aceh Province. This is in accordance with previous research which found that level II marketing channels occur among consumers, distributors, and consumers. The following are level II marketing channels:



The level one marketing channel in [8] research shows that farmers bring their livestock to the market and sell them directly to final consumers, and in the second level channel, breeders bring their livestock to the market, sell them to collectors, and then sell them to final consumers.

*3.4 Profit*

A positive outcome or benefit from an activity is known as profit. Table 1 shows the results obtained from sheep and goat farming at CV Fajar Randu over a period of one month. The following table displays the production costs and profits for sheep and goat farming

Table 1. Total expenditure and profits from sheep and goat farming

	Expenditure	Sale	Profit
Sheep	Rp. 737.909.427	Rp. 762.200.000	Rp. 24.290.573
Goat	Rp. 220.009.417	Rp. 220.099.583	Rp. 1.900.583

The profits from buying and selling goats are lower than those from sheep. This is because the number of goats sold is less than the number of sheep sold.

*3.5 Marketing Costs*

Market players generally incur different marketing costs. Table 2 reveals that the level I marketing channel for sheep and goats in Binjai City, North Sumatra, resulted in marketing costs of Rp. 0.00. On the other hand, the level II channels yielded marketing costs of Rp. 175,000. This is because farmers must bring sheep and goats to the animal market in Binjai City, which they then sell to collecting traders. The following table illustrates the marketing costs for CV Fajar Randu's sheep and goats in Binjai City, North Sumatra.

Table 2. Marketing costs for CV Fajar Randu's sheep and goats in Binjai City

Level marketing	Jenis	Biaya pemasaran	Jumlah biaya
I	Transportation	Rp. 00	Rp. 00
	Parking	Rp. 00	
	License	Rp. 00	
	Market levy	Rp. 00	
	Loading unloading	Rp. 00	
II	Transportation	Rp. 75.000	Rp. 175.000
	Parking	Rp. 00	
	License	Rp. 00	
	Market levy	Rp. 00	
	Loading unloading	Rp.100.000	

Table 3 shows that in level II marketing channels for sheep and goats in the animal market in Bireuen City, Aceh Province, marketing costs of IDR 635,000 were obtained. This is because the sheep must first be transported to Bireuen City, Aceh Province, where they will then be sold to collecting traders. The table of marketing costs for CV Fajar Randu's sheep and goats in Bireuen City, Aceh Province, can be seen in the following table:

Table 3. Marketing costs for CV Fajar Randu's sheep and goats in Bireuen City

Level marketing	Jenis	Biaya pemasaran	Jumlah biaya
II	Transportation	Rp. 500.000	Rp. 923.000
	Parking	Rp. 3.000	
	License	Rp. 00	
	Market levy	Rp. 00	
	Loading unloading	Rp.420.000	

According to [6] research, the total marketing costs for sheep and goats are higher for level I marketing channels than for level II. This is because, according to [6] research institutions in level I marketing channels account for more than 61% of the total livestock sold.

*3.6 Sheep Marketing Margin*

Printezis and Grbitus (2018) define the marketing margin as the difference between the producer's price and the final consumer's price [9]. The marketing margin for a commodity consists of the costs incurred by each marketing institution as well as the profits received by breeders and marketing institutions. The marketing margin for sheep and goats obtained from level I marketing channels is IDR. 400,000, and the marketing margin for level II channels in Binjai City, North Sumatra, is Rp. 500,000. The level II marketing margin for sheep and goats in Bireuen City, Aceh Province, is IDR. 600,000. This is in accordance with research conducted by [8], where the smallest marketing margin is in the level one marketing channel, where livestock are sold directly to consumers who come to the farm location, so that marketing costs are lower. This is in accordance with [10] statement, which states that the longer the marketing channel, the higher the marketing margin.

3.7 Sheep marketing efficiency

According to [8], marketing efficiency is the ratio between marketing costs and total product value with indicators; if >50%, then it is inefficient, and <50%, then it is efficient. Table 2 demonstrates that the level I marketing channel for sheep in Binjai City, North Sumatra, achieved a marketing efficiency percentage of 0.00%. This means that the efficiency value in channel I of sheep farming is very efficient. According to table 16, the results for level II marketing channels for sheep in Binjai City, North Sumatra, achieved a marketing efficiency percentage of 9.45%. This means that sheep farming in the level II channel in Binjai City, North Sumatra, has a high efficiency value. The following table presents the marketing efficiency table for CV Fajar Randu's sheep in Binjai City, North Sumatra.

3.8 Analysis of internal and external conditions

The acronym SWOT analysis refers to the combination of internal environmental factors, such as strengths and weaknesses, and external environmental factors, such as opportunities and threats, commonly encountered in the business world. This method will provide information about strengths, weaknesses, opportunities, and threats so that future strategic policies for the business being run will be known, in this case CV Fajar Randu's goat and sheep farming business. The following table presents the SWOT analysis in the form of a SWOT matrix.

	<p><b>STRENGHT</b></p> <ul style="list-style-type: none"> <li>• Sheep and goats have good body weight.</li> <li>• Good relationships with suppliers and customers</li> <li>• Easy access to farm locations</li> <li>• The farm's reputation</li> </ul>	<p><b>WEAKNESS</b></p> <ul style="list-style-type: none"> <li>• A promotion system that is not yet optimal</li> <li>• There are no discounts.</li> <li>• Livestock are sold based on estimated body weight only.</li> </ul>
<p><b>OPPORTUNITIES (O)</b></p> <ul style="list-style-type: none"> <li>• Developments in technology and communications</li> <li>• The majority of the population is Muslim.</li> <li>• Opening up a fairly wide market for sheep and goat marketing</li> </ul>	<p><b>SO STRATEGY</b></p> <ul style="list-style-type: none"> <li>• Maintaining weight and continuing to increase the population of sheep and goats to meet customer demand</li> <li>• Establish good relationships with customers and intensify promotional activities to increase market reach.</li> </ul>	<p><b>WO STRATEGY</b></p> <ul style="list-style-type: none"> <li>• Applying technology and communications that continue to develop.</li> </ul>
<p><b>THREATS (T)</b></p> <ul style="list-style-type: none"> <li>• Prices of sheep and goats fluctuate.</li> <li>• Formation of similar businesses</li> <li>• Specific disease issues</li> </ul>	<p><b>STRATEGY ST</b></p> <ul style="list-style-type: none"> <li>• Building good and sustainable relationships with livestock suppliers and vitamin and medicine suppliers</li> </ul>	<p><b>WT STRATEGY</b></p> <ul style="list-style-type: none"> <li>• Strengthen relationships with consumers to facilitate price control</li> </ul>

The company, in this case CV Fajar Randu, can prepare four main alternative strategies, namely SO, ST, WO, and WT, based on the SWOT matrix. Each strategy has unique characteristics based on its function and complements the other strategies in use. These strategies exist to ensure their synergy. The company implements the SO strategy by leveraging its strengths to capitalize on current opportunities. The

implementation of the ST strategy involves using force to overcome threats. We create the WO strategy by minimizing weaknesses and seizing opportunities.

### 3.9 SWOT diagram

Once we obtain the score values from the internal (S and W) and external (O and T) strategy factors, we can prepare an internal and external matrix. Rangkuti stated that the purpose of using this model is to obtain a more detailed business strategy [11, 12]. The matrix parameters used in the internal-external matrix include the company's internal conditions and the company's external influences.

SO	WO
Nilai (S) + Nilai (O)	Nilai (W) + Nilai (O)
1.951 + 2.393= 4.344	1.026 + 2.393= 3.419
ST	WT
Nilai (S) + Nilai(T)	Nilai W + Nilai (T)
1.951 + 1.123= 3.047	1.026 + 1.123= 2.149

Based on the SWOT matrix diagram, the strategy that is most likely to be implemented is the SO strategy because the SO value has the highest value, namely 4,344, and the SO strategy implemented is to maintain body weight and continue to try to increase the sheep population to meet customer demand, establish good relationships with customers, and increase promotional activities.

## 4. Conclusion

Traders and collectors are involved in the CV Fajar Randu marketing institutions. This institution consists of two marketing channels, namely level I marketing channels and level II marketing channels. In Bireuen Aceh, the level II channel has the highest marketing costs. In Bireuen Aceh, the level II channel has the largest marketing margin. Based on the results of the SWOT analysis, an alternative strategy that can be implemented is the SO strategy, namely by maintaining body weight, continuing to try to increase the population of sheep and goats to meet future customer demand, establishing good relationships with customers, and intensifying promotional activities to expand market reach.

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