



MARKETING CHANNEL PATTERNS AND MARKETING COSTS OF IMPORTED BUFFALO MEAT BY BADAN URUSAN LOGISTIK (BULOG) IN BANDUNG CITY

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ABSTRACT

This research was held at Badan Urusan Logistik (Bulog), PT. Yoga Mandiri Utama, retailers in the (Market) Ciroyom, Caringin, and Astana Anyar in January 2017 to February 2017. The aim of this research is to determine the pattern of the distribution channel and marketing costs of imported buffalo meat of Badan Urusan Logistik (Bulog) in Bandung City. The method of this research is case study. Analysis of data using analysis costs, margins, and profits. Based on the research, it is known that some distribution channel patterns are formed, channel one: Producer - Bulog - Consumers, channels two: Producer - Bulog - PT. Yoga Utama Mandiri - Consumer, channels three: Producer - Bulog - PT. Yoga Mandiri Utama - Wulandari's catering, channels four: Producer - Bulog - PT. Yoga Utama Mandiri - Supplier - Retailers - Consumer. Total costs incurred by each marketing channel patterns is channel one Rp10.670,00 per kilogram, channel two Rp2.840,00 per kilogram, channel three Rp3.740,00 per kilogram, and channel four Rp4.640,00 Rp per kilogram. The amount of profit earned by each of marketing pattern is channels one Rp330,00 per kilogram, channel two Rp Rp2.160,00 per kilogram, channel three Rp4.260,00 per kilogram, and channel four Rp6.360,00 per kilogram.

1. INTRODUCTION

Improving human resources is a major goal for the country, and this can be achieved by ensuring adequate nutrition, especially animal proteins such as meat, milk and eggs. Changes in people's consumption patterns influenced by knowledge and rising incomes are important factors in the demand for meat as a source of protein. Indonesia is experiencing an increase in population, which contributes to the increasing demand for meat (Maisyura, 2021; Mangindaan & Manossoh, 2018; Safri, 2016).

Animal protein sources come from livestock, including poultry meat, ruminants and fishery products. The consumption of purebred chicken has increased, while the consumption of lamb, goat and beef is still limited. The high price of beef has prompted the government to import buffalo meat from India to meet the needs of the community. The decline in the buffalo population in Indonesia is due to changes in agricultural patterns, where tractors have replaced the role of buffaloes in plowing rice fields (Nurul Ainia & Nurul Samiatus, 2021). The buffalo population in West Java is declining, and Bandung City as a metropolitan city is also affected with only a few buffalo. The government imported buffalo meat to address the shortage of supply in Bandung City. The buffalo meat import policy involves State-Owned Enterprises (SOEs), particularly the Public Company of the Logistics Agency (Bulog). The purpose of imports is to meet domestic meat demand and control high beef prices. The price of buffalo meat is expected to be more affordable, at around Rp65,000 per kilogram. Buffalo meat has nutritional advantages and a lower price compared to beef. Although its contribution is still small, imported buffalo meat is expected to fulfill the animal protein needs of the people of Bandung City.

The marketing process of imported buffalo meat involves various costs, such as transportation, labor, import fees, damage fees, and cold storage rental. Bulog acts as a marketing institution with exchange, physical and facility functions. Bandung City is the main target market, given the high demand from a population of 2,483,977 people. To explore the pattern of imported buffalo meat marketing channels and costs in Bandung City, a study was conducted with the title "Patterns of Imported Buffalo Meat Marketing

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Channels and Costs of Badan Urusan Logistik (BULOG) in Bandung City". This research is expected to provide further understanding on how imported buffalo meat is organized and marketed in the context of community needs in Bandung City.

2. METHODS

The research method used in this research is a case study. Case study is research that aims to obtain information related to a particular event (case) only (Paturochman, 2012). Data analysis is used from statistical data obtained during the research and then analyzed descriptively, descriptive analysis is an analysis that is intended to investigate the circumstances, conditions or other things that have been mentioned, the results of which are obtained in the form of a research report. The research objects in this study are the actors of the imported buffalo meat marketing chain, namely the central Logistics Agency (Bulog) in South Jakarta as the buffalo meat import actor, distributors as the distributor of imported buffalo meat in Bandung City, suppliers as intermediary traders, retailers, and consumers. This research was conducted in January - February 2017.

Primary data is data obtained directly from the central Logistics Agency (bulog) in South Jakarta, distributors, *suppliers*, retailers, and consumers. Secondary data is data obtained from statistical results from various sources that support this research. Data collection techniques used interview techniques, literature techniques, observation techniques, and recording techniques. Interview techniques are used to collect primary data by asking questions to sources regarding the information needed, so that the information obtained can be presented in this research. The interview technique was carried out by studying books, literature, references, and also other materials that researchers obtained during lectures and research. Observation technique was conducted by directly observing the marketing process of imported buffalo meat, so as to obtain an overview of the marketing channel pattern of imported buffalo meat in Bandung City. Recording techniques Recording techniques are used to collect secondary data from agencies or institutions related to the research conducted.

3. RESULTS AND DISCUSSIONS

Results

Badan Urusan Logistik (Bulog) is a state-owned public company engaged in food logistics. The company's business scope includes logistics or warehousing, survey and pest eradication, provision of plastic sacks, transportation business, food commodity trading, and retail business. As a company that continues to carry out public duties from the government, Bulog continues to carry out activities to maintain the basic purchase price for grain, price stabilization, especially basic prices, distribute rice for the poor (Raskin), and manage food stocks. As a company that manages food, Bulog is also authorized to manage animal protein sources derived from meat, including marketing it. Some of the meat sold by Bulog is beef, chicken, and most recently, the marketing of buffalo meat imported from India. In July 2016, Badan Urusan Logistik (BULOG) began its history of importing Indian buffalo meat in response to the continued rise in beef prices (Balai Pengujian Mutu dan Sertifikasi Produk Hewan, 2008). The main factors causing the increase were high demand ahead of Eid al-Fitr and reduced beef stocks at the national level. The government, through the Ministry of Agriculture and Ministry of Trade, issued a policy involving BULOG in importing buffalo meat as an alternative to reduce beef prices. Buffalo meat imports from India are focused on several regions, including Jakarta, Bogor, Depok, Tangerang, Bekasi, Banten, and Bandung, where demand for meat is high and cattle stocks are low. The import process involves Perum BULOG purchasing buffalo meat in accordance with the Import Approval Letter (SPI) from the Ministry of Trade. The Basic Food Procurement Division is assigned to manage the import process (Badan Pusat Statistik, 2013).

The purpose of buffalo meat imports is not only to meet meat demand but also to stabilize beef prices at the national level. As of early January 2017, BULOG has received 49,000 tons of buffalo meat imports which were distributed to distributors, retailers and traditional markets. The selection of India as the supplying country involved strict considerations, including the risk of Foot and Mouth Disease (FMD). BULOG collaborates with the Quarantine Agency of the Ministry of Agriculture (Barantan) to ensure the safety of the imported meat. The authenticity and halalness of the meat is also ensured through cooperation with the Indonesian Ulema Council (MUI), which inspects and labels each package of imported buffalo meat as halal. With these measures, the government and BULOG are working to provide a solution to the rising beef prices while ensuring food availability and safety in several regions in Indonesia.

BULOG implemented a maximum profit policy of 3% on each kilogram of imported buffalo meat it buys from India. PT Yoga Mandiri Utama, a distributor in Bandung, purchased the meat with a minimum purchase requirement of 56 tons and payment in full. Since September 2016, BULOG has delivered 168 tons

of imported buffalo meat to the distributor every two months using containers with a maximum capacity of 28 tons. The buffalo meat is sold at a purchase price of RP 57,000 per kilogram, packed in 0.9 kg plastic bags and arranged in 20 kg boxes. The distributor stores it in its own cold storage which has a capacity of up to 100 tons, but the excess is leased to PT Agronesia Saripetojo with a storage capacity of approximately 35 tons in Bandung. This step was taken to accommodate the entire inventory of imported buffalo and beef.

Discussion

Pattern of Marketing Channels

The marketing channel of imported buffalo meat from India in Bandung City is an indirect marketing channel, this is because all imported Indian buffalo meat is first purchased by the Logistics Agency (Bulog) and then channeled back to several marketing points, either to direct consumers or channeled to other marketing actors. The marketing channel patterns formed in this study are level II and level III channel patterns, where level II channels are from producers then sold to large traders then sold back to retailers and then sold to end consumers. In the level III channel pattern, from the producer, it is sold to a large trader, then sold back to the distributor, then sold to suppliers in several markets in Bandung City, then sold back to retailers before reaching the final consumer. This explanation is in accordance with the opinion of (Kotler, 1995), which states that marketing channels are divided into four channels, namely: Zero-level channels (Producer - Consumer), One-level channels (Producer - Retailer - Consumer), Two-level channels (Producer - Wholesaler - Retailer - Consumer), and Three-level channels (Producer - Wholesaler - Retailer - Consumer). Zero-level channels are often referred to as direct marketing channels, but in the marketing of imported Indian buffalo meat by Bulog in Bandung City, they were not encountered in this study, as producers do not sell their products directly to consumers. Zero-level channels are very rare because producers need other marketing actors in order for the goods or services they sell to reach the point of consumption.

Based on the results of the research that has been conducted, it is known that the marketing channels for imported bulog buffalo meat in Bandung City are divided into four channels, namely:

- a. Producer - Bulog - Consumer.
- b. Producer - bulog - PT Yoga Mandiri Utama - consumer.
- c. Producer - bulog - PT Yoga Mandiri Utama - Wulandari Catering.
- d. Producer - bulog - PT Yoga Mandiri Utama - Supplier - Retailer - Consumer.

Margin, Cost, and Profit Percentage

Channel One

Channel one consists of one intermediary. The margins, costs and profits received by marketing actors in channel one are as follows. The purchase price of imported buffalo meat from India by Bulog is RP 54,000 per kilogram. The figure of Rp54,000 is derived from the estimated profit earned by Bulog from the sale of each kilogram of buffalo meat of 3%. The margin earned by Bulog from selling buffalo meat in channel one is Rp11,000 per kilogram with marketing costs of Rp10,670 per kilogram and a profit of Rp330 per kilogram. The marketing cost is used to move goods or transportation from Tanjung Priok port to Kelapa Gading cold storage owned by Perum Bulog and to Jatiasih cold storage which is a privately owned cold storage, so Bulog must pay the cold storage rental fee. The cost incurred by Bulog is RP 27.00 per kilogram for cold storage rental per day. Based on this explanation, this is in accordance with the opinion of Mulyadi (1991) which states that marketing costs are all costs from the time the product is finished being produced and stored in the warehouse until the product changes back in cash.

BULOG only takes 3% profit from each sale of imported buffalo meat, considering that Bulog is a state-owned public company whose purpose is Public Service Obligation (PSO). The Logistics Agency (Bulog) also sets the Highest Retail Price (HET) to the end consumer at RP 65,000, which must be carried out by every marketing actor who cooperates with Bulog in the marketing of imported buffalo meat in Bandung City, if there are marketing actors who sell more than the HET that has been set, Bulog can directly terminate cooperation with marketing actors who commit these violations. The final target consumers of channel one are bulog employees in the Bandung City working area, this also socializes the public to consume imported buffalo meat starting with bulog employees and then continuing to the wider community considering that the nutritional content contained in buffalo meat is as good as the nutritional content contained in beef and buffalo meat can be obtained at a cheaper price than beef.

Channel Two

Channel two consists of two intermediaries, namely the Logistics Agency (Bulog) and PT Yoga Mandiri Utama. The amount of marketing margins, costs and profits received by marketing actors in channel

two is that the purchase price of imported buffalo meat from India by Bulog is RP 54,000 per kilogram. The margin earned by Bulog from selling buffalo meat in channel two is RP 2,000 per kilogram with marketing costs of RP 1,940 per kilogram and a profit of RP 60 per kilogram. Marketing costs incurred by Bulog in channel two are the same as in channel one, where marketing costs are incurred for labor and cold storage rent as Bulog's cold storage capacity cannot accommodate the entire supply of meat. The total profit earned by Bulog in channel two is RP 56,000,000 per container shipment with a maximum capacity of 28 tons of imported buffalo meat from India. The distributor, in this case PT Yoga Mandiri Utama, purchases an average of two containers or 56 tons of imported buffalo meat from Bulog every two months, meaning that Bulog earns a profit of Rp56,000,000 per container from selling buffalo meat to PT Yoga Mandiri Utama.

It is known that the purchase price of imported buffalo meat from India by PT Yoga Mandiri Utama is RP 56,000 per kilogram. The selling price set by PT Yoga Mandiri Utama is Rp59,000.00 The margin earned by PT Yoga Mandiri Utama from the sale of buffalo meat in channel two is Rp3,000.00 per kilogram with marketing costs of Rp900.00 per kilogram and a profit of Rp2,100.00 per kilogram. Marketing costs incurred by PT Yoga Mandiri Utama in channel two include transportation costs of around RP 2,000,000 for round trip, police escort costs from Jakarta to Cimahi City to avoid unwanted things of RP 700,000. Labor costs for 11 porters amounted to Rp2,200,000 for each porters who received a wage of Rp200,000 to move buffalo meat from containers to cold storage owned by PT Yoga Mandiri Utama and PT Agronesia Saripetojo. The cold storage rental fee at PT Agronesia Saripetojo is Rp20,000,000 per month. According to PT Yoga Mandiri Utama, the average daily demand for buffalo meat is 100 kilograms.

The total profit obtained by PT Yoga Mandiri Utama per container from channel two is RP 58,900,000, this amount is obtained from the total sales of buffalo meat which is RP 3,000.00 for the profit of each kilogram multiplied by the amount of buffalo meat of 28,000 kilograms, a total of RP84,000,000.00 is obtained then deducting the total costs which include transportation costs, escorts, labor costs, and cold storage rent which reaches a total of Rp25,900,000.00. Based on this calculation, PT Yoga Mandiri Utama obtained a profit or profit, this profit will affect the survival of the company concerned in this case PT Yoga Mandiri Utama. When referring to the table, the net profit of PT.Yoga Mandiri Utama is RP2,100.00 per kilogram multiplied by 28,000 kilograms equals Rp58,800,000.00, this amount is not much different from the total profit of Rp58,900,000.00 with a difference of Rp100,000.00, the difference can be categorized as other costs, such as damage costs, packaging costs, and so on.

Channel Three

Channel three consists of two intermediaries, namely the Logistics Agency (Bulog) and PT Yoga Mandiri Utama. The amount of margins, costs, and marketing profits received by marketing actors in channel three costs and profits obtained by the Logistics Agency (Bulog) is very small, which is around RP 60.00 per kilogram, this is in accordance with the purpose of Bulog, which is to stabilize national meat prices, and provide opportunities for every level of society to be able to consume meat as a source of animal protein. The costs incurred by Bulog are the same as those explained in channels one and two. The percentage of profit between Bulog and PT Yoga Mandiri is very different, 1.4% and 98.6% respectively, which is another proof that Bulog should not make more than 3% profit from each kilogram of imported buffalo meat sold from India.

The total cost incurred by marketing actors in channel three to reach Wulandari's catering is Rp3,740.00, which includes cold storage costs, labor costs, transportation costs (delivery from Bulog to PT Yoga Mandiri Utama), as well as costs for damage and packaging. The difference between channels two and three is that PT Yoga Mandiri Utama sells the imported buffalo meat to Wulandari catering. The Rp1,800 costs incurred by PT Yoga Mandiri Utama in channel three are for cold storage costs, labor, sorting between drumstick and drumstick, and damage. PT Yoga Mandiri Utama does not incur transportation costs to sell imported buffalo meat to Wulandari's caterer, because Wulandari's caterer comes directly to PT Yoga Mandiri Utama's office. PT Yoga Mandiri is willing to send imported buffalo meat to the buyer's location with the condition that a minimum purchase of 3 boxes will be sent by motorcycle and a minimum purchase of 10 boxes will be sent by car without additional charges, this applies to purchases in the Bandung city area. Wulandari Catering only purchases about 10 kilograms of buffalo meat with regular purchases, which is a small amount for a catering business. According to Wulandari Catering, consumers do not like buffalo meat preparations on the catering menu provided and the process of cooking buffalo meat also requires special treatment such as a longer boiling process than beef which is generally used, so it takes longer. Based on these reasons, Wulandari Catering decided to stop using buffalo meat on their menu and switch back to beef. The total profit earned by PT Yoga Mandiri Utama from channel three is Rp60,000.

Bulog's imported buffalo meat is distributed by PT Yoga Mandiri Utama to several cities other than Bandung, namely Garut Regency, Ciamis Regency, Tasikmalaya Regency, and Cimahi City but the demand is still very small because people still prefer to consume beef rather than buffalo meat. People still prefer to consume

beef rather than buffalo meat because they think buffalo meat is tough or hard so it is less delicious when consumed, besides that buffalo meat also requires special handling when it will or is being cooked. Including papaya leaves when boiling is one way to make buffalo meat more tender but the time used to boil buffalo meat is longer than boiling beef.

Channel Four

This form of channel four consists of four intermediaries. The amount of margins, costs, and marketing profits received by marketing actors in channel four, this channel has the longest marketing chain among the three previous channels because in this channel PT Yoga Mandiri Utama does not sell directly to end consumers but through suppliers in Ciroyom, Caringin, and Astana Anyar markets, so it requires additional marketing costs to reach consumers. In this channel, it can be seen that the largest total costs and margins are in channel four between channels two and three with RP 4,640.00 and RP 11,000.00 respectively. This explanation is in accordance with the opinion of (Paturochman, 2012) which states that the number of institutions involved in marketing goods or services will determine the length of the marketing channel, marketing efficiency, and marketing margins (Al-dweeri et al., 2017; Effendy et al., 2021). The fewer links involved, the shorter the marketing channel, the higher the economic efficiency of marketing and the smaller the marketing margin. In channel one, the total cost and margin are higher than in channel four, this is because it takes into account the cost of transportation from Tanjung Priok Port to Bulog's cold storage, in this channel Bulog sets the Highest Retail Price (HET) which is RP 65,000 as previously explained, the main target of channel one is Bulog employees who work in the Bandung city work area. In this channel, Bulog earns the highest profit of RP330 per kilogram from the sale of buffalo meat.

In channel four, it can be seen that Bulog incurs the highest costs among other marketing actors, namely Rp1,940.00 or around 41.8% of the total costs incurred in channel four. These costs include estimated import costs, transportation costs, cold storage rent, labor costs, and so on. Of the four channels, Bulog consistently does not make a profit exceeding 3% of the total sales of each kilogram of imported buffalo meat from India. Bulog performs a public service obligation (PSO) in the marketing of imported buffalo meat from India by providing meat as a source of animal protein at a low price. Retailers earn the most profit in this channel at RP3,500 per kilogram of buffalo meat. Retailers are traders who sell products directly to end consumers for consumption by themselves and their families (Paturochman, 2011). Retailers do not incur transportation costs because the buffalo meat is delivered to each trader's stall in the market by workers from the supplier in collaboration with PT Yoga Mandiri Utama who are located in each market involved in the marketing of buffalo meat in Bandung City. The Rp1,500 cost incurred by retailers is the cost of labor for the workers who deliver the meat and the cost of damage to the buffalo meat. Discussion is the most important part of the entire contents of scientific articles. The objectives of the discussion are: answering research problems, interpreting findings, integrating findings from research into existing sets of knowledge and composing new theories or modifying existing theories.

CONCLUSION

Based on the results of the research and discussion, the following conclusions can be drawn: The channel pattern formed consists of four channels, namely: Producer – Bulog – Consumer, Producer – Bulog – PT. Main Mandiri Yoga – Consumer, Producer – Bulog – PT. Main Mandiri Yoga – Wulandari Catering and Producer – Bulog – PT. Yoga Mandiri Utama – Supplier – Retailer – Consumer. The total marketing costs that must be incurred by each channel are: Channel one: Rp. 10,670.00, Channel two: Rp. 2,840.00, Channel three: Rp. 3,740.00 and Channel four: Rp. 4,640.00. The largest total margin is found in the longest channel chain, namely channel four with an amount of RP 11,000.00. The biggest profit from marketing imported buffalo meat from India in the city of Bandung is from retailers at RP 3,500.00 per kilogram.

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