

Marketing Channel Analysis, Marketing Margins, and Farmer's Share Cinnamon Commodity in Sungai Penuh City, Jambi Province, Indonesia

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Abstract. The cinnamon commodity is quite significant in the economy of Sungai Penuh City, but farmers have not felt its role in improving welfare. The fundamental problems faced by cinnamon farmers in Sungai Penuh City are the weak bargaining position of farmers in the pricing process due to lack of access to price information, the attachment of farmers to collecting traders, and the limited ability of farmers to develop processed cinnamon products allegedly resulting in farmers only getting a small profit from sales. Traders, collectors, and exporters process more to meet domestic and foreign market demand. For this reason, an analysis of the existing condition of marketing margins and farmers' share of cinnamon commodities in Sungai Penuh City is needed. The purpose of this study is to analyze cinnamon marketing margins between farmers, collecting traders and exporters in each marketing channel in Sungai Penuh City, analyze the amount of farmers share obtained by farmers in each cinnamon marketing channel in Sungai Penuh City, and analyze cinnamon marketing functions in the form of physical functions, exchange functions and facility functions between farmers, Collecting traders and exporters in Sungai Penuh City. To answer the study's objectives, the author uses marketing margin analysis methods, profit margin analysis, farmer's share analysis, and marketing function approaches in physical, exchange, and facility functions. This research method uses a qualitative descriptive approach, and the informants in this study are determined by purposive sampling. The results showed that as many as 60 percent of cinnamon farmers in Sungai Penuh City chose and 40 percent chose the two-actor marketing channel. In contrast, the cinnamon marketing channel involving three marketing actors showed that the marketing system was inefficient. In contrast, the cinnamon marketing channel involving two marketing actors showed that the cinnamon marketing system in Sungai Penuh City was efficient.

Keywords: cinnamon; collecting traders; marketing channels; marketing efficiency

INTRODUCTION

Cinnamon is one of the spices with high economic value and is widely used in the food and beverage industry. Despite the increasing demand for cinnamon, farmers still need help with marketing efficiency, marketing margins, farmer's share, and marketing channels. One of the main problems cinnamon growers face is the long and complicated marketing funnel. In the marketing (Gala & Damme, 2018) process, cinnamon often passes through several intermediaries before reaching the end consumer market, such as distributors, wholesalers, and exporters, thus adding costs and reducing farmers' marketing margins. In addition, the price received by cinnamon farmers is often much lower than the selling price in the international market. This results in small marketing margins (Nurhayani, 2019), resulting in farmers spending to receive prices that are not

comparable to the value of cinnamon produced. (Tan et al., 2022)

Efficiency issues in the marketing funnel can also affect the quality of cinnamon itself. Inefficient transportation and storage processes can damage product quality, reduce selling value, and result in financial losses for farmers. Seed quality and cultivation also play an essential role in profitable crop yields, but farmers often have limited access to high-yielding varieties and better cultivation practices. In addition, price instability is a severe problem for cinnamon growers. Sharp price fluctuations can make business planning difficult and result in significant financial losses. Farmers often lack the tools or knowledge to protect themselves from drastic price changes. (Nesti et al., 2018).

Another problem is inequality in the distribution of economic benefits. The farmers' share of cinnamon's added value is often much smaller than that of intermediaries. This results in inequality in the distribution of agricultural profits, with

farmers often in a vulnerable position and dependent on intermediaries to sell their products. To overcome this problem, holistic action is needed. This includes improvements in marketing channels, the development of more efficient transport and storage infrastructure, and improvements in cultivation and planting techniques. Governments and agricultural organizations can also provide support through training, resources, and access to better markets for farmers. Thus, cinnamon farmers can benefit more significantly from their crops and strengthen their economic sustainability in this valuable industry.

According to Kohls and Uhl (Hidayani, 2012), there are three approaches to assessing the efficiency of marketing systems in the agribusiness sector: (1). The functional approach consists of exchange functions in the form of buying and selling processes, physical functions in the form of storage, processing and transportation processes, and facility functions in the form of standardization, risk, financing, and market information; (2). The institutional approach comprises intermediary traders, speculators, and institutions providing marketing facilities; (3). The behavioral system approach aims to analyze all existing activities in marketing, such as changes and behavior of marketing agencies

The approach of operational efficiency and price efficiency can also measure marketing efficiency. Operational efficiency is related to all activities that can add to the comparison of marketing inputs and expenditures. Marketing income is related to the resources needed for various marketing functions. In contrast, marketing expenditure is related to customer satisfaction, while price efficiency is more related to the power of a marketing system to meet customer expectations. Price efficiency focuses on resource allocation and maximum expenditure, such as marketing margins and *farmer's share*. (Asmarantaka et al., 2018).

Many previous researchers have conducted research in the last ten years

related to marketing efficiency in agribusiness to see how marketing channels, marketing margins, *farmer's share* value, and the magnitude of the input-output ratio. (Putri, Fariyanti, and Kusnadi 2013). Efficiency measurement has been applied to measure the efficiency of various horticultural commodities, including red chili; (Prayitno, 2013;Kusumah, 2018; Rasoki, 2016;Ruslan et al., 2016; Ivony, 2018) Gambir;(Amelira 2015) Cacao; (Abubakar 2016), cinnamon; (Hidayani, 2012), Cabbage; (Ali et al. 2017), Robusta coffee; (Listyati et al., 2017); (Noratun Juliaviani, 2017) and Oil palm ; (Lisa, 2018), Guava; (Iswahyudi, 2019), Rubber (Khaswarina et al., 2019),Corn; (Rahayu et al., 2021), Clove; (S. K. S. Dewi et al., 2021) Rice; (Yusri et al., 2021), Apple; (Shallu Sehgal; Mukesh Kumar, 2022). It is just that until now, no researchers have conducted research related to the existing conditions of marketing margins, farmers' parts, and the condition of cinnamon commodity marketing channels in Sungai Penuh City.

This research is fundamental to do because based on the results of a study from the Sungai Penuh City Research and Development Agency on regional commodity studies from 2011 to 2018 shows that cinnamon plantation plants in Sungai Penuh City rank first as a leading plantation with an average LQ of 2.02, average production productivity of 1,594 Kg / Ha/year, followed by robusta has an average LQ value of 1.95 with an average production productivity of 695 Kg / Ha/year, arabica coffee has an average LQ value of 1.76 with average production productivity of 581 Kg / Ha/year, cloves have an average LQ value of 0.53 with average production productivity of 622 Kg / Ha/year, and candlenut has an average LQ value of 0.43 with average production productivity of 455 Kg / Ha/year.(Badan Penelitian Dan Pengembangan Kota Sungai Penuh 2017).

Although the role of cinnamon commodity is quite significant in the economy of Sungai Penuh City, its role in

improving the welfare of farmers has not been felt by farmers. A pre-field survey in early January 2023 shows that the fundamental problems faced by cinnamon farmers in Sungai Penuh City are the weak bargaining position of farmers in the pricing process due to lack of access to price information, the attachment of farmers to collecting traders, in addition to that The limited ability of farmers in developing processed cinnamon products is thought to result in farmers only getting a small profit from sales. Prominent collectors carry out more processing and exporters to meet domestic and foreign market demand. Limited facilities and infrastructure, access to capital, and access to market information cause farmers to be unable to control price developments sustainably, and price transmission becomes unbalanced.

The importance of cinnamon commodities for farmers in Sungai Penuh City requires an analysis of the existing conditions of marketing margins and farmers' *share* of cinnamon commodities in Sungai Penuh City. The theoretical implications in this study make an essential contribution to the development of marketing theory. The study can also provide a deeper understanding of cinnamon commodity market dynamics and margins at the local level.

While the practical implications of this study are expected to help farmers, traders, and other stakeholders in making better marketing decisions, the results of this research can help the government and related institutions in designing more effective policies for the agricultural sector, especially cinnamon commodities, including incentives to increase farmers' productivity and income. The objectives of this study are: a). analyze cinnamon margins and marketing channels between farmers, traders, collectors, and exporters in Sungai Penuh City, and b) analyze cinnamon marketing efficiency with a functional approach between farmers, traders, collectors, and exporters in Sungai Penuh City.

METHODS

The location determination method is carried out by purposive sampling technique. This technique is carried out by deliberately selecting the most relevant and representative locations for research purposes. The research locations are in Kumun Debai sub-district, Pondok Tinggi sub-district, Sungai Bungkal sub-district, and Pesisir Bukit Kota Sungai Penuh sub-district. This location was chosen because the four sub-districts are the center of cinnamon plantations in Sungai Penuh. The study was conducted for two months, from July to August 2023.

This study used primary data obtained directly from research informants. This study's primary data sources were observations, questionnaire results, and interviews with farmers, collecting traders, and exporters in the Sungai Penuh City area.

Sampling for cinnamon and robusta coffee commodities in Sungai Penuh City was determined by *purposive sampling*. According to Sugiyono (2016), purposive sampling is one of the *non-random* sampling techniques, where researchers determine the sample by determining unique characteristics that are the purpose of the study so that the data obtained can later be more representative.

The selection of informants for cinnamon commodities is based on unique characteristics that support research from 594 cinnamon farmers; 30 farmers were selected with unique characteristics designated as informants representing cinnamon farmers, namely: a). Independent farmers who have their own cinnamon plantations, b). Had carried out cinnamon harvesting activities in 2023 when this research was carried out, c). Independent smallholders understand the condition of value-added issues, prices, and cinnamon marketing chains in 2023

For selecting informants for cinnamon collecting, traders found as many as 20 people. The specific characteristics set as informants representing cinnamon-collecting traders are as follows: a).

Collecting traders bought and sold cinnamon commodities with farmers and exporters in 2023, b). Collecting traders understood cinnamon price and marketing chain issues during the research year, for informants representing cinnamon exporting companies can be found as many as two people. While the unique characteristics of informants representing exporters who have the following criteria: a). The exporter company is registered as a business entity in (Sungai Penuh City; b) The exporter company buys and sells cinnamon with farmers and collects traders in 2023; c). Informants from exporting companies understood the condition of cinnamon prices and marketing chain issues during the research year. The total number of informants from the cinnamon marketing chain in this study who met the specific characteristics was 32 people.

To analyze cinnamon margins and marketing channels among farmers, traders, collectors, and exporters in Sungai Penuh City used marketing margin analysis, profit margin analysis, and farmer's share analysis and to analyze efficiency Marketing cinnamon in the form of physical functions, exchange functions, and facility functions between farmers, traders, collectors and exporters in Sungai Penuh used a qualitative descriptive approach (Asmarantaka et al., 2018)

Data is analyzed descriptively, including marketing margins, marketing channels, marketing costs, farmer share, marketing profits, and marketing efficiency. Marketing margin is the difference in price at the farmer level as a producer and price at the consumer level. Marketing margin is the sum of marketing costs and profits of institutions that provide services in the marketing process. Mathematically, the marketing margin is formulated as follows:

a. Marketing margin analysis

$$MP_i = P_{s_i} - P_{b_i} \dots \dots \dots (1)$$

Where

$$MP_i = C_i + \pi_i \dots \dots \dots (2)$$

$$\text{Thus, } \pi_i = P_{s_i} - P_{b_i} - C_i \dots \dots \dots (3)$$

$$MT = \sum MP_i \dots \dots \dots (4)$$

Information:

MP_i = Marketing margin at the i-th level (IDR/Kg)

P_{s_i} = Price at the i-th consumer level (IDR/Kg)

P_{b_i} = Price at the i-th producer level (IDR/Kg)

C_i = i-level marketing costs (IDR/Kg)

π_i = i-level marketing profit (IDR/Kg)

MT = Total marketing margin (IDR/Kg)

High and low marketing margins are used as a benchmark for the efficiency of the marketing system to measure the efficiency of the marketing system, where the higher the marketing margin is, the more inefficient a marketing system is. The high marketing margin is due to the smaller share of farmers' prices, so this condition makes farmers as producers less productive to produce.

b. farmer's share analysis

Is the percentage comparison between prices at the farmer level and prices at the final consumer level, according to Kohl and Uhl (2002) can be expressed as follows:

$$F_s = \frac{P_p}{P_e} \times 100 \% \dots \dots (5)$$

Information:

F_s = Farmer's share (%)

P_p = Price at farmer level (IDR/Kg)

P_e = price paid by the exporter (IDR/Kg)

RESULTS AND DISCUSSION

The results of the analysis of cinnamon margins and marketing channels between farmers, traders, collectors, and exporters in Sungai Penuh City can be seen in Table 1.

Table 1. Cost analysis, margin share, and profit of cinnamon commodity on marketing channels I and II

Description	Size	Marketing Channel I	Marketing Channel II
		Price (IDR/Kg)	Price (IDR/Kg)
Cinnamon farmer			
Selling price	IDR/Kg	30.000	45.000
Marketing Costs	IDR/Kg		1.000
Profit	IDR/Kg	30.000	44.000
<i>Value Farmer's share</i>	%	38	56
Collecting			
Selling price	IDR/Kg	45.000	
Purchase Price	IDR/Kg	30.000	
Marketing costs	IDR/Kg	1.000	
Profit	IDR/Kg	14.000	
Marketing margin	IDR/Kg	15.000	
Exporter			
Selling price	IDR/Kg	80.000	80.000
Purchase Price	IDR/Kg	45.000	45.000
Marketing costs	IDR/Kg	10.000	10.000
Profit	IDR/Kg	25.000	25.000
Marketing margin	IDR/Kg	35.000	35.000
Total Marketing Cost	IDR/Kg	11.000	11.000
Total Profit	IDR/Kg	69.000	69.000
Total Marketing Margin	IDR/Kg	50.000	30.000

Source: processed data (2023)

Table 1 shows cinnamon farmers in marketing channel I. It can be seen that cinnamon does not incur post-harvest marketing costs because collecting traders directly buy and transport cinnamon harvests. The selling price of the original type of cinnamon received by farmers as producers is IDR.30.000 / Kg. The selling price of collectors sorted and graded is IDR.45.000,- while the selling price of cinnamon exported is IDR.80.000 / Kg. The total marketing costs incurred by collecting traders and exporters in marketing channel I is IDR.11.000, with a total profit of IDR.69.0.00 and a total marketing margin of IDR.50.000.

From the comparison between the price of cinnamon at the producer level and the high marketing margin on marketing channel I, it can be concluded that the marketing system is inefficient because the price of cinnamon at the farmer level as a producer is

smaller than the marketing margin. In general, price efficiency will occur if marketing margins are lower, profit margins are more significant, and the percentage level of farmers' shares is higher.

Meanwhile, the second marketing channel looks more profitable for cinnamon farmers in Sungai Penuh City because farmers sell their cinnamon products directly to exporters in the form of quality cinnamon that has been sorted and graded with the consequence that farmers incur marketing costs. The total marketing costs farmers and exporters incur in marketing channel II are IDR.11.000 /Kg, a total profit of IDR.69.000, and a total marketing margin of IDR. 30,000, while the price of cinnamon sorted and graded is received by farmers from exporters at IDR.45,000/Kg. From the comparison between the price of cinnamon at the producer level and the low marketing margin

in marketing channel II, it can be concluded that the marketing system is efficient because the price of cinnamon at the farmer level as a producer is greater than the marketing margin

In marketing channel I, it can be seen that the share received by smallholders is 50 percent, which is 38 percent. This condition shows the inefficiency of cinnamon marketing in marketing channel I, where marketing only benefits certain parties and can also be caused by the absence of price transparency and added value from cinnamon products sold by farmers. To increase price transparency, ethane can form farmer groups or cooperatives to increase marketing efficiency and obtain greater profits. This can help farmers get better selling prices and reduce dependence on mediators in marketing channels.(Chatra Perdana et al., 2023;Chatra A, 2022). Meanwhile, to increase the added value of cinnamon products, farmers can improve the quality of cinnamon products by improving cultivation and processing techniques. This can increase the added value of the product and make the product more in demand by consumers. (Menggala et al., 2019; Winda Purwani, 2015)

As for the marketing channel II, it can be seen that the share received by large farmers is 50 percent, which is 56 percent. This shows that marketing channel II is more efficient than marketing channel I, where marketing margins are low, profit margins are increasing, and the percentage rate of farmers' share is more significant from 50 percent. For this reason, several things can be done to maintain low marketing margins, increase

profit margins, and ensure that farmers' share gets a large percentage of 50 percent. Among them, farmers need to improve the quality of cinnamon products and present a more diverse variety of products. Developing more quality and unique products will potentially increase the competitiveness of cinnamon products so that farmers can increase profit margins.

Cinnamon marketing channel in Sungai Penuh City

Based on the results of the interview, it is known that there are two forms of cinnamon commodity marketing channels in Sungai Penuh City. In Figure 1, it can be seen that this first marketing channel involves three cinnamon marketers: farmers, traders, collectors, and exporters. This marketing channel was used mainly by cinnamon growers, as many as 60 percent of the 30 informants. Cinnamon farmers sell cinnamon crops directly to collecting merchants. Farmers choose this marketing channel because farmers can bargain prices with collectors, and collectors will pick up cinnamon crops at the farmer's location so that farmers no longer need to pay transportation costs to market cinnamon.

After re-drying, sorting, *grading*, and *packing*, the collecting merchant will resell the cinnamon to the exporter at a price determined by the exporter based on the moisture content. After purchasing cinnamon from collecting merchants, in order to increase the added value of cinnamon, exporters process cinnamon into several derivative products.

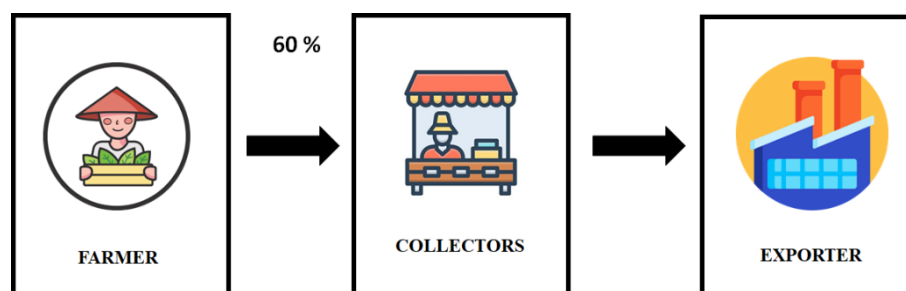


Figure 1. Marketing channel pattern Farmer- Collecting trader - Exporter

In Figure 2, it can be seen that the second marketing channel of 30 cinnamon farmer informants is only 40 percent of the total informants who sell dried cinnamon directly to exporters in Sungai Penuh City. In this channel, transportation costs are borne by the farmers themselves, and no haggling over prices can be made. To get a high price from cinnamon sales, farmers must follow standard operating procedures (SOP) and

cinnamon quality determined by export companies. In general, exporters will make purchases by choosing the best quality cinnamon so that the price set by the exporter can be higher than the price of the collecting merchant. Then, the exporter will process cinnamon into other derivative products such as *stick*, *broken*, *dust*, and *Ground* at export prices.

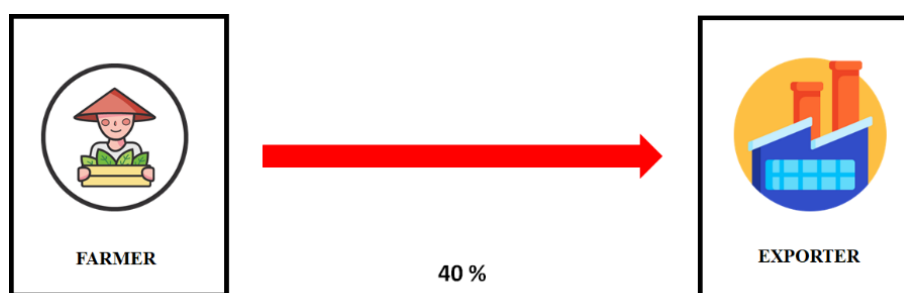


Figure 2. Marketing channel pattern Farmer- - Exporter

From pictures 1 and 2 of cinnamon marketing channels in Sungai Full City, it can be concluded that the cinnamon marketing channels in Sungai Penuh City are relatively shorter than the cinnamon marketing channels in Kerinci Regency. But in fact, farmers still have a dependence on collecting merchants. It can be seen that 60 percent of the total informants still sell cinnamon to collecting traders. The dominance of the role of merchants and collectors in marketing channels can ultimately reduce the profits obtained by farmers. Research conducted in Tidore City shows that cinnamon marketing channels involve farmers, village-level traders, retailers, and consumers. This can result in high marketing margins and a low share of farmers, making it difficult for farmers to earn decent profits (Fatmawati Kaddas, 2023; Firlawanti Lestari Baguna, 2021).

The results of the cinnamon marketing efficiency analysis with the *functional approach* carried out by the cinnamon marketing chain consist of (1). Exchange function in the buying and selling process, (2). Physical function includes storage,

processing, and transportation processes, and (3). Facility function in the form of standardization, risk, financing, and information on the cinnamon commodity market during the research year. The results of interviews with 30 informants of cinnamon farmers show that the exchange function carried out by cinnamon farmers is only the sales process. The volume of cinnamon sales from farmers is very diverse, considering that cinnamon plants are annual and not all cinnamon farmers harvest simultaneously.

The physical function carried out by farmers is the packaging process and part of the transportation process. Suppose the cinnamon harvest is sold to the collecting merchant. In that case, the transportation process will be borne by the collecting trader, who directly picks up the cinnamon at the farmer's garden. Still, if the farmer sells to the exporter in Sungai Penuh City, the farmer will bear the transportation process. The function of facilities carried out by farmers consists of price risk, where cinnamon prices constantly change daily. Farmers fully bear post-harvest costs. At the same time, farmers only obtain market information from

collecting traders or exporters during the sales transaction process. Based on observations from traders, collectors, and exporters, Sungai Penuh City has performed all marketing functions of cinnamon, such as exchange, physical, and facility functions.

Based on interviews with 20 informants of cinnamon collectors, Sungai Penuh City generally performs various marketing system functions: 1). Exchange function, 2). Physical functions, and 3) Facility functions. The exchange functions performed by the Sungai Penuh City collecting merchants include selling and purchasing cinnamon from farmers in Sungai Penuh City. The physical function of collecting traders is picking up cinnamon from farmers in Kerinci and Sungai Penuh City. Managing traders will generally use cars with a minimum capacity of 2 tons for sellers or farmers. In addition to being picked up, there are also cinnamon farmers who deliver directly to collecting merchants. Items purchased will be stored in the warehouse and only resold after reaching the set sales quota.

The following function performed by collecting merchants is the facility function. In this case, the function of the facility in question is the function of sorting, *grading*, risk bearing, and information. To make it easier for collecting traders to make sales, collecting traders perform sorting and *grading* functions by grouping cinnamon based on predetermined grades.

The cinnamon sales carried out by the collecting merchants of Sungai Penuh City are dried cinnamon separated based on the grade and moisture content of the cinnamon itself. If cinnamon sales are intended for export companies located in Sungai Penuh City, then usually, collecting traders will make shipments using *pickup* cars with a minimum capacity of 2 tons of cinnamon per week even though the exporting company sets no quota for each cinnamon sale.

Meanwhile, suppose the collecting trader sells his cinnamon to exporters outside Sungai Penuh City. In that case, the sale will be carried out using a truck with a capacity of

10-13 tons because selling more cinnamon will reduce marketing costs for the collecting merchant.

The risk-bearing function is that if damage or depreciation occurs, it will be entirely borne by the collecting trader—the information function where collecting traders will forward cinnamon price information from exporters to lower traders and farmers. Many traders find collectors who speculate by storing cinnamon in warehouses to resell it when prices are high.

Based on the results of interviews with informants of collecting traders, there are capital support institutions that assist in developing the cinnamon trading business. In contrast, the business capital used by cinnamon-collecting traders in Sungai Penuh City comes from their capital and for the business development of collecting traders using existing bank credit loans in Sungai City.

Based on interviews conducted with two exporter informants, the marketing function carried out by this exporter company is 1). Exchange function, 2). Physical functions, and 3). Facility function. The exchange function carried out by exporters is in the form of purchasing cinnamon from traders, collectors, and farmers in Kerinci and Sungai Penuh City, then selling to foreign markets. The physical functions performed by these two exporting companies are transportation, storage, and processing. The workforce exporters must carry out this physical function consisting of permanent employees and daily labor.

Furthermore, the function of facilities carried out by the export company is capital, sortation, *grading*, risk bearing, and information. Before cinnamon is sold to foreign markets, the company will provide added value to cinnamon on demand by processing cinnamon into derivative products such as cinnamon sticks, *broken dust*, and *Ground*. After that, the goods will be exported by land to seaports, including Teluk Bayur port in Padang City, Bekauni port in Lampung, and Tanjung Priok port in Jakarta.

The destination of Kerinci cinnamon export countries is the Netherlands, America, Germany, Canada, Israel, and Vietnam, while

the destination of cinnamon exports from Baristriya companies is Thailand, Vietnam, and Libya.

Table 2. Recapitulation of the cinnamon marketing function in Sungai Penuh City

Cinnamon Marketing Actor	Marketing Functions of Cinnamon								
	Exchange		Physical			Facilities			
	Sell	Buy	Save	Pack	Transport	Sortir Grading	Risk	Cost	Market Information
Farmer	v	-	-	v	*	*	v	v	v
Collecting	v	v	v	v	v	v	v	v	v
Exporters	v	v	v	v	v	v	v	v	v

Source: primary data 2023 (processed)

Information;

V: Function executed

-: Function not executed

*: The function is only carried out by a part of the farmer

From Table 2 of the recapitulation of the cinnamon marketing function of Sungai Penuh City, it can be seen that the interview results are known to farmers, traders, collectors, and exporters have carried out exchange functions in the form of buying and selling cinnamon. In contrast, the physical function is only for some farmers transporting and sorting cinnamon grading. The collecting traders and exporters have all performed physical functions in packaging, transportation, and grading sorting. All informants from farmers, traders, collectors, and exporters have carried out risk, cost, and market information processes for facility functions. However, cinnamon farmers in this study were found to have difficulty in obtaining market price information. Previous studies have also shown that farmers often find obtaining transparent and accurate price information challenging, resulting in difficulty in determining better selling prices. This can result in farmers only being able to perform exchange functions in selling and packaging without getting decent profits. Therefore, efforts need to be made to increase access to transparent and accurate price information for farmers to determine better selling prices and get decent profits in the

market. (Airee et al., 2020; E. K. Dewi & Wulansari, 2021; Mursalat et al., 2020)

Policy Implementation and Recommendations

Based on the results of research on marketing margins, farmers' share, and marketing channels for cinnamon commodities in Sungai Penuh City, policy implications and recommendations for the Sungai Penuh City government were formulated, including;

1. Sungai Penuh City Government needs to intervene and cooperate with other stakeholders to build a central system of information about cinnamon prices in a sustainable manner, which aims to enable farmers and other marketing institutions to know any changes in cinnamon prices quickly and precisely to minimize the risk of losses at the farmer level, reduce deviant actions from other marketing institutions, and provide a fair profit for every party involved in the cinnamon marketing process.
2. The Sungai Penuh City government needs to facilitate farmers and collecting traders to join the institutions of farmer groups and cooperatives. Thus, facilitating information in accessing the

- market increases farmers' bargaining position, creating a more efficient cinnamon marketing system and an integrated market.
3. Cooperation with other stakeholders is needed to build a cinnamon Sistem Resi Gudang (SRG) to minimize price fluctuations, improve farmers' incomes, and support cinnamon plantation business financing.
 4. The Sungai Penuh government needs to develop a small-medium scale cinnamon processing industry as an alternative to reduce farmers' dependence on exporters, and farmers can combine sales by not only selling to exporters but also selling through the processing industry to maximize profits.
 5. The Sungai Penuh City government needs to provide incentive schemes to encourage investors to be interested in developing the downstream industry of cinnamon derivative products in Sungai Penuh City.
 6. It is necessary to strengthen the agro-industrial institutional system for farmers through farm incentive programs, agricultural banking programs, market development, and marketing networks in favor of farmers, and the development of agricultural/rural-based industrialization, and facilitate access to science and technology information sources.
 7. There is a need to improve agricultural infrastructure and appropriate technology that is insightful in the context of local wisdom or "local economic resource development," as well as maximum utilization of scientific research results from universities and other sources.

CONCLUSION

The results of the analysis of cinnamon marketing margins between farmers, collectors, and exporters in Sungai Penuh City show that the cinnamon marketing

channel involving three marketers causes an inefficient marketing system because the price of cinnamon at the farmer level as a producer is smaller than the marketing margin. Marketing channels involving two actors are known to be more efficient because the price of cinnamon at the farmer level as a producer is greater than the marketing margin. There are two forms of cinnamon commodity marketing channels in Sungai Penuh City. Namely, as many as 60% of informants from farmers choose the marketing path involving three cinnamon marketers: farmers, traders, collectors, and exporters, and as many as 40% of farmer informants who choose this marketing route involve cinnamon marketers such as farmers, and exports. The results of cinnamon marketing efficiency with a functional approach between farmers, traders, collectors, and exporters in Sungai Penuh City show that they have carried out the function of cinnamon exchange in the form of buying and selling cinnamon.

In contrast, the physical function is only for a few farmers who transport and sort cinnamon. Merchants and exporters have all performed physical functions in packaging, transportation, and sorting of assessments. All informants from farmers, traders, collectors, and exporters have carried out risk, cost, and market information processes for facility functions.

Limitations of the study include the small sample size, which may not be representative of the entire population of farmers or traders. This research only uses indicators such as marketing costs, profits, and efficiency to analyze marketing channels. This study also has limited time in collecting data on marketing channels, margins, and farmer share. Future suggestions should consider using larger sample sizes to ensure that the findings are representative of the entire population of farmers or traders. In addition to marketing costs, profits, and efficiency, researchers must consider other important factors, such as the quality and quantity of cinnamon.

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