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Research paper

Marketing Strategy for Complete Feed of Beef Cattle

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Abstract

Population and productivity of local beef cattle must be improved if beef selfsufficient was an important matter. Achieving beef selfsufficient would need procurement of feed in adequate quantity and quality. Complete feed was very important. The objectives of research were (1) to identify the factors of strength, weakness, opportunity, and threat of the marketing for beef cattle complete feed; and (2) to formulate the marketing strategy for beef cattle complete feed. Internal and external factors behind complete feed were identified with survey method against the groups of beef cattle farmers who were provided with complete feed sample. Marketing strategy was formulated with SWOT (Rangkuti, 2005). Based on the calculation of IFAS, it was shown that strength value of complete feed was 1.398. It was lower than weakness value of 1.981 with differential of both counted for -0.583. Result of EFAS indicated that opportunity value of 1.671 was lower than threat value of 1.951 with the differential of -0.280. The most suitable marketing strategy for complete feed was WT Strategy (minimizing weakness and avoiding threat). Some activities that must be done by complete feed producers were: (1) maximizing the use of farming wastes or residues available at place to suppress the cost of complete feed production, and (2) having a cooperation work with Gapoktan (Jointed Farmer Group) and KUD (Rural Unit Cooperative) as the distributor in the marketing of beef cattle complete feed.

Keywords: *complete feed, marketing strategy, SWOT*

1. Introduction

Beef cattle selfsufficient was one of six strategic targets from the Ministry of Agriculture on 2015-2019 (Kementan, 2015). One effort to realize beef cattle selfsufficient was improving the population and productivity of local beef cattle. It may need support from reliable feed stock either in adequate quantity or in good quality. Complete feed was indeed the considered one. Complete feed or total mixed ration (TMR) comprised of feed ingredients such as forages, farming remnants, seeds, proteins, minerals, vitamins and feed additives. All were mixed into one to produce a more balancing ration (Mariyono and Romjali, 2007). The feeder cattle with complete feed in Magelang, Central Java, had produced average daily gain (ADG) of 1.14□0.23 kg for Simental half-bred cattle, 0.75□0.26 kg Limousine cattle, and 0.75□0.09 kg PO cattle. Meanwhile, the feeder cattle without complete feed delivered ADG of 0.58□0.40 kg for Simental half-bred cattle, 0.37□0.44 kg Limousine cattle, and 0.25□0.15 kg PO cattle (Yuwono and Subiharta, 2010). Higher ADG on cattle with complete feed was understandable possibly because complete feed formula had been provided based on the demand of cattle nutrient. Jannah et al (2012) in Bogor showed that in responding the recommended product concept, complete feed was acceptable. This accepted was proved by indication that the interest rate of breeders reached 57%, although only 47% breeders were willing to buy complete feed. This research was aimed: (1) to identify the factors of strength, weakness, opportunity, and threat of the marketing for beef cattle complete feed; and (2) to formulate the marketing strategy for beef cattle complete feed.

2. Method

Research was done in Malang Regency. It was a center of beef cattle production in East Java (The Official of Animal Husbandry in East Java, 2015). Survey method was applied to beef cattle farmers who were provided with complete feed sample. Marketing strategy formulation was assisted with SWOT (Rangkuti, 2005). First stage in SWOT analysis was to identify internal factors (strength and weakness) and external factors (opportunity and threat) of beef cattle complete feed. SWOT analysis was identified quantitatively through scoring and weighting against internal factors (Internal Factors Analysis Summary, IFAS) and external factors (External Factors Analysis Summary, EFAS). The scoring at IFAS and EFAS was using Likert Scale, precisely 5 (Very Agree), 4 (Agree), 3 (Relatively Agree), 2 (Disagree), and 1 (Very Disagree). Stakeholders, especially beef cattle breeders, were invited to give assessment against beef cattle complete feed. Results of scoring and weighting of IFAS and EFAS were then put into a diagram (quadrant) of SWOT. The differential between strength and weakness was reflected as the ordinate at X axis, whereas the differential between opportunity and threat remained as the ordinate at Y axis.

3. Result and Discussion

3.1. The Identification of Internal and External Factors

Results of the identified internal factors (IFAS) and external factors (EFAS) of beef cattle complete feed were presented in Table 1. On IFAS, strength was the positive internal factor that would be used, while weakness was the negative internal factor that must be corrected. On EFAS, opportunity was the positive external factor to be utilized, while threat was the negative external factor that must be avoided. There were six attributes for strength and weakness factors, but there were five attributes for opportunity and threat factors.

Table 1: Internal Factors (IFAS) and External Factors (EFAS) of Beef Cattle Complete Feed

Internal Factor (IFAS)	
Strength	**Weakness**
1. Complete feed was very practical for beef cattle.	1. Cattle needed an extensive time to adapt before liking and consuming complete feed regularly.
2. Main ingredient of complete feed derived from farming wastes.	2. The price for complete feed was IDR 3,500/kg, and it was expensive.
3. Complete feed facilitated breeders who would not greatly rely on greenings.	3. Agents/distributors for complete feed were lacking and it did not work with breeders who wanted to buy complete feed.
4. Nutrient of complete feed was already complete.	4. *Demplot* was not found, and it caused breeders to hesitate quality and effectiveness of complete feed on production and productivity of beef cattle.
5. Complete feed improved production and productivity of beef cattle.	5. The promotion of complete feed was not yet at the level of breeders.
6. The making of complete feed involved only a quite simple technology.	6. The stocking of complete feed was not secured yet.

External Factor (EFAS)	
Opportunity	**Threat**
1. Complete feed was new, unique and attractive product.	1. The imported cattle prospects and beef were increasing, which may reduce the interest of breeders to cultivate beef cattle.
2. Complete feed producers were still few, and thus, competition in the market was low.	2. Cattle price was fluctuating making breeders hesitating to buy complete feed.
3. Beef cattle breeding was a promising work and it would need practical alternative feed source.	3. Greenings were abundant during wet season.
4. Greenings decreased due to the conversion of farming land to other land-use.	4. Concentrate feed was easier to obtain at cheaper price.
5. The cooperative marketing could be made between KUD and Gapoktan.	5. Breeders were limited in capital to buy complete feed.

3.2. The Assessment of Internal and External Factors

IFAS showed that strength value of complete feed was 1.398 that was lower than weakness value of 1.981. The differential of both was negative counted for -0.583 (Table 2). Complete feed's key weakness was obvious on several attributes such as (1) Agents/distributors for complete feed were lacking and it did not work with breeders who wanted to buy complete feed; and (2) The price for complete feed was IDR 3,500/kg, and it was expensive. Two distribution systems were used by feed producers. One was a direct distribution system to farmers and other was using agents (distributors). Complete feed for beef cattle was new product and not so much recognizable to beef cattle farmers. The marketing of complete feed was mostly by direct selling to farmers based on demand. To improve the sale volume of complete feed, producers needed to cooperate with Gapoktan or KUD to market complete feed. Price was the most important determinant in complete feed marketing. Price determined profit or loss of breeding work, and breeders were who decided to buy complete feed. Complete feed price at farmer level was set at IDR 3,500/kg or IDR 175,000/5 kg package. Complete feed price at IDR 3,500/kg was expensive for farmers. There were 40% farmers liking to buy feed product if the price was below IDR 3,500/kg. Around 53% farmers did not buy complete feed if the price was set above IDR 3,500/kg. Expensive price induced heavier production cost, because feed cost contributed 60-70% of cost total in beef cattle production.

Table 2: The Assessment of Internal Factors in Beef Cattle Complete Feed

	STRENGTH	**Weight**	**Rating**	**Score**
1.	Complete feed was very practical for beef cattle.	0.097	4	0.388
2.	Main ingredient of complete feed derived from farming wastes.	0.089	3	0.267
3.	Complete feed facilitated breeders who would not greatly rely on greenings.	0.087	3	0.262
4.	Nutrient of complete feed was already complete.	0.068	3	0.205
5.	Complete feed improved production and productivity of beef cattle.	0.046	3	0.138
6.	The making of complete feed involved only a quite simple technology.	0.046	3	0.138
	Total of Strength Value	0.434		1.398

	WEAKNESS	**Weight**	**Rating**	**Score**
1.	Cattle needed an extensive time to adapt before liking and consuming complete feed regularly.	0.093	2	0.185
2.	The price for complete feed was IDR 3,500/kg, and it was expensive.	0.083	4	0.332
3.	Agents/distributors for complete feed were lacking and it did not work with breeders who wanted to buy complete feed.	0.105	4	0.418
4.	*Demplot* was not found, and it caused breeders to hesitate quality and effectiveness of complete feed on production and productivity of beef cattle.	0.099	3	0.298
5.	The promotion of complete feed was not yet at the level of breeders.	0.093	4	0.374
6.	The stocking of complete feed was not secured yet.	0.093	4	0.374
	Total of Weakness Value	0.566		1.981

Result of EFAS indicated that opportunity value of 1.671 was lower than threat value of 1.951 with the differential of -0.280 (Table 3). Main threat in complete feed marketing involved several attributes: (1) Farmers were limited in capital to buy complete feed; (2) Forages were abundant during wet season; and (3) The imported cattle prospects and beef were increasing, which may reduce the interest of farmers to raising beef cattle.

Table 3: The Assessment of External Factors in Beef Cattle Complete Feed

	OPPORTUNITY	Weight	Rating	Score
1.	Complete feed was new, unique and attractive product.	0.052	2	0.103
2.	Complete feed producers were still few, and thus, competition in the market was low.	0.109	4	0.436
3.	Beef cattle breeding was a promising work and it would need practical alternative feed source.	0.114	4	0.456
4.	Forages decreased due to the conversion of farming land to other land-use.	0.087	3	0.262
5.	The cooperative marketing could be made between KUD and Gapoktan.	0.103	4	0.413
	Total of Opportunity Value	0.465		1.671

	THREAT	Weight	Rating	Score
1.	The imported cattle prospects and beef were increasing, which may reduce the interest of breeders to cultivate beef cattle.	0.110	4	0.440
2.	Cattle price was fluctuating making breeders hesitating to buy complete feed.	0.096	3	0.287
3.	Forages were abundant during wet season.	0.115	4	0.460
4.	Concentrate feed was easier to obtain at cheaper price.	0.092	3	0.275
5.	Farmers were limited in capital to buy complete feed.	0.122	4	0.490
	Total of Opportunity Value	0.535		1.951

3.3. Marketing Strategy

The formulation of marketing strategy was done by arranging IFAS and EFAS values into a matrix. Subsequently, SO, WO, ST and WT strategies were descriptively formulated. SO Strategy was using strength to maximize opportunity. WO Strategy was minimizing weakness to utilize opportunity. ST Strategy used strength to deal with threat while WT Strategy minimized weakness and also avoided threat.

On IFAS, it was indicated that strength value of complete feed was 1.398, and it was still lower than weakness value of 1.981 with negative differential of -0.583. EFAS showed that opportunity value of 1.671 was lower than threat value of 1.951 with the negative differential of -0.280. It was said that the most suitable marketing strategy for complete feed was WT Strategy (minimizing weakness and avoiding threat). Some activities recommended to complete feed producers were: (1) maximizing the use of farming wastes or residues available at place to save the cost of complete feed production, and (2) building a cooperation work with Gapoktan (Jointed Farmer Group) and KUD (Rural Unit Cooperative) as the distributor in the marketing of beef cattle complete feed.

4. Conclusion

1. Result of IFAS assessment showed that strength value of complete feed was lower than weakness value. Weakness of complete feed was found prominent on attributes such as (1) Agents/distributors for complete feed were lacking and it did not work with breeders who wanted to buy complete feed; and (2) The price for complete feed was IDR 3,500/kg, and it was expensive.

2. Result of EFAS indicated that opportunity value was lower than threat value. Main threat in complete feed marketing was observed on several attributes such as: (1) Farmers were limited in capital to buy complete feed; (2) Forages were abundant during wet season; and (3) The imported cattle prospects and beef were increasing, which may reduce the interest of farmers to raising beef cattle.

3. The most suitable marketing strategy for complete feed was WT Strategy (minimizing weakness and avoiding threat). Therefore, some activities were suggested to complete feed producers: (1) maximizing the use of farming wastes or residues available at place to press down the cost of complete feed production, and (2) developing a cooperation work with Gapoktan and KUD as the distributor in the marketing of beef cattle complete feed.

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