Marketing Strategy of Organic Products in Bandung: Farmer Community, Product Innovation and Social Media

Ira Dwi Mayangsari1, Arlin Ferlina Moch. Trenggana2, Dini Salmiyah Fithrah Ali3, Fatimah Abdillah4

1,2,3 Universitas Telkom, Indonesia
4 STIE Pandu Madania, Indonesia

Abstract

People today are more concerned about a healthy lifestyle which results in the rise of organic products demand and green awareness. This issue not only opens new opportunity to farmers but also calls them to improve their marketing strategy. This study explores a regular event from organic farmer community in Bandung, “Pasar Hejo,” in order to understand their marketing strategy that has been applied using qualitative approach. From the interview and observation, result shows the farmers join community for solidarity and to expand their market, create some processed products as innovation, offer eco-tourism service and use social media application such as WhatsApp, Instagram and Facebook as their promotion tools to informing the event, and social networking to offer special price or additional discount within the event. Further, WhatsApp is used by farmers as supply chain media which communicates supply demand among farmers, agents and consumers. In addition, farmers imply that they need more supports from the government to arrange more community markets to serve consumers and educate them about healthy lifestyle. Meanwhile, consumers appreciate Pasar Hejo event which provides healthy food, entertainment, sport and education. However, they consider the price of organics products to be expensive.

Keywords: Organic Products, Community, Product Innovation, Social Media, Marketing Strategy

1. Introduction

With the rise of technology, lifestyle, education and welfare, consumers are more concern to environmental issues and healthy lifestyle. They choose to consume organic food which is believed as product with no chemical substantive and grows in a natural farm. In Indonesia, organic product’s demand is gradually growing with positive support from the government policy. Under section of 3 Nobelium republic of Indonesia law number 41, Year 2009, protection of agricultural land for food of continuation was carried out with a purpose to protect food agricultural land and area at an ongoing basis, guarantee the land food agricultural land ready of on an ongoing basis, realize independence, resilience, and sovereignty of food, protect ownership of agricultural land and property of farmers, increase prosperity of public and farmers, increase protection, increase employment inventory for competent life, keep ecological balance and lastly to realize agriculture revitalization. With “Go Organic 2010” program, government gives attention to agricultural products that are related to food safety, have high nutrient content and environmental friendly.

Based on Indonesian organic farm statistic 2015 by Aliansi Organik Indonesia (AOI), certified organic farmland has increased from 97,351,60 hecure in 2009 to 103,908,09 hecure in 2010 while uncertified farmland has also expanded from 132,764,85 to 134,872 hectare. Further, in Bandung city, one of big cities in Indonesia, organic products are available in modern hypermarkets, exclusive fruit vegetable shops and organic communities. Certified organic products are distributed to modern markets and exclusive fruit vegetable shops while organic products without certification are distributed to organic community shops. According to Secretary of Indonesian Retail Association (APRINDO), West Java chapter, the number of organic products’ consumers is still in the introduction stage. Therefore, the modern market minimized the volume and variety of organic products in hypermarkets. To meet the demand, organic community with small holder farmers as the members tries to offer an organic community market named “Pasar Hejo”. It is an annual organic event which does not only sell organic products but also educate people to preserve environment. This event is supported by Kotabaru Parahyangan, a private housing company with green lifestyle positioning. Regarding potential demand of organic products in Bandung, this study will explore the marketing strategy of farmers in Pasar Hejo focusing on their community, product innovation and social media. Meanwhile, a survey by Alamasyah (2016) showed that consumers have high percentage of trust towards organic products which are sold in modern market. Consumers’ trust in organic products sold at Bandung throughout the year 2016 is described below:

Table 1. Percentage of consumers’ trust on organic product

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Description</th>
<th>Consumers’ trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliable</td>
<td>Description of organic product is reliable</td>
<td>78%</td>
</tr>
<tr>
<td>Dependable</td>
<td>The function of Organic product can be trusted</td>
<td>76%</td>
</tr>
<tr>
<td>Trustworthy</td>
<td>Believe organic product as sustainable</td>
<td>69%</td>
</tr>
<tr>
<td>Expectation</td>
<td>Organic products performance is meet the expectation</td>
<td>62%</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>Organic products preserve natural resources</td>
<td>76%</td>
</tr>
<tr>
<td>Safer</td>
<td>Organic product is safe for consumed</td>
<td>80%</td>
</tr>
</tbody>
</table>

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2. Literature Study

Organic product is an important issue element. It is not only about the new market but also related to environmental and sustainability issues. The growth of organics demand for small holder farmers give them opportunity to earn higher profit and to preserve natural resources. However, the study of marketing strategy of small holder farmers producing organic products is still limited. With limited resources of knowledge, capital and information access, small businesses unite themselves in a community. Community is a group of people living together in a geographical location who share natural resources and are tied together by local traditional rules and values (CGIAR Research Program on aquatic system, 2013). In agriculture, farmer-community has an interest in local marketing, farmland preservation, sustainable agriculture topics with documentation of local marketing and agritourism. Besides that, improvement of public education in agriculture and grassroots farmland preservation efforts were also supported. Even though, small-holder farmers face problems due to limited finance, market and knowledge network in order to create innovation. Farmers who are entrepreneurs could create innovation, opportunity seeking and risk taking. An active farmers’ community enables their members to empower themselves. They can take advantages together and be able to survive in the modern market competition. Business should manage their marketing strategy carefully in order to sustain in the competition. Marketing strategy from company should have uniqueness to compete with others. A unique marketing strategy should be managed by enterprise to get consumers. In Hungary, consumers prefer to consume products because of its conventional procedure and traditional flavoring strategy. In agriculture, “homegardens” niche marketing strategy in Florida which focuses on a growing mixture of herbs, fruits and vegetables gives farmers niche economic value and shield themselves from the competition of high-volume, single commodity producers.

Meanwhile, due to the rise of green awareness, green marketing strategy is practiced by some companies. It is not only associated with green innovation and green promotion but also with comprising marketing mix which are product, price, distribution and promotion to ensure firm’s profitability, competitive advantage and encourage a greener pattern of consumption among consumers. Designing innovation in marketing could contribute to market expand. Related to marketing innovation in agribusiness, scholar finds that company size and access to information have positive relation to marketing innovation. Study from shows that innovation through diversification in supply chain with combination of producers, collector, processing industry and customers provides new market in agriculture. Other scholars studied factors contributing to innovation which are new crop varieties, new inputs in fertilizer, manure and agro-chemicals, new methods of value addition (packaging, vegetable processing activities) and new methods of farming (creative intercropping practices).

Nevertheless, promoting organic product in Indonesia is difficult particular in their marketing strategy. Organic products have unique supply chain pattern which is different from inorganic products. In inorganic products, it consists of farmer – retailer – consumer's pattern while organic product enables distribution to be processed directly from farmer to consumer. For organic rice product, supply chain system of majority farmers in Indonesia remains ineffective (Sari & Nurmalina, 2013). Regarding to sustainability issue, some farmers build social enterprise with high concern to empower society and environment. A case in UK, a social entrepreneurship in farming driven by a combination of tradition, close relationship and coincidence. Its farmers provide social and health services have to have a role in society and welfare and also produce organic farming. This form of agribusiness social enterprise that assigns social and environmental issues can be a good example of green hybrid social enterprise. The usage of technology yields positive outcome to farmers’ production and income. A study from Oraman said that farmers in developing countries still regard to low technology system that influences limited market access and low production knowledge even though government has issued policies to support agroforestry (2014). However, some farmers who practice low technology adoption and produce value added product in the form of powder and flour can reduce store space cost and making the product available throughout the year. Meanwhile, study of chili farming in Indonesia showed that technology should collaborate with credit access, young age and farming experience as a process of technology adoption. Through cell phone usage, farmers were able to have accurate market information, agronomic knowledge and vocational knowledge in order to attract young people to engage in promising agribusiness.

Marketing strategy has to meet consumers’ demand and push them to purchase the products. Study of consumers and organic products in Indonesia showed that some factors should be considered by farmers. The factors such as material content, the quality of products, the products trust, personal satisfaction and easiness of getting the products, the limit of the difference between the products, companies services of product processing methods of ecological products, the strategically locations products for the healthy issue and security-sense of products. Some factors which give positive contribution to the customer are the content of additional material, the quality of products and the easiness of getting the products and also the needs for personal satisfaction. As consumers’ driven on social media usage, small businesses consider using this media as their marketing tool. Social media offers opportunities to business as a new marketing tools. Social media marketing is used as an extension to fulfill the traditional marketing. Scholars defines social media marketing as a part of e-marketing, it is a social media platform using technology and features to obtain marketing objectives in conjunction with other marketing communication tools. Advantages of using social media have been explored by many scholars. Study by Paquette, (2013) explains that social media can improve brand awareness when engaging with customers on social media sites and firms can benefit from social networks to predict the consumers’ purchase decision. However, study about how farmers use social media as their promotion tools is still limited.

3. Methodology

This study uses qualitative descriptive approach and case study method. The author investigated the case intensively, in-depth, detailed, and comprehensive. A constructivist paradigm was used to understanding the farmer community, product innovation and social media performed by Pasar Hejo community. The key informants in this study were divided into Pasar Hejo management, community members and consumers who came to the event. In-depth interviews and documentary data collection technique were used. The purpose of in-depth interview type is to identify the problem while the documentary study covers material such as: photograpy, video, film, memos, letter so that they can be used as empirical information. While the validity techniques of data in this study use source triangulation, by comparing and checking the information that is obtained in different ways. Data analysis in this study includes data reduction, display data (presentation of data) and conclusion drawing/ verification.
4. Farmer Community

Organics small holder farmers face problems due to their limited resources. Organic small holder farmers in around Bandung can be characterized by having small land ownership, producing few variety and small quantity, low capital and poor government support. With these limitations, farmers harvested few variety of organic products and in small quantity therefore they face difficulty to meet consumers’ demand.

To overcome the problems, farmers initiated to join in a farmer community. Within this community, farmers will have advantages such as to widen the market, knowledge sharing, trust building and create attractive event.

By joining farmer community, farmer will have wider market. In a group, farmers collaborate together to meet the demand in terms of variety and quantity. Farmers manage a production system which arranges different seeds in planting within a planting period. This will help farmers provide various products regularly to consumers. Moreover, it also benefits them in promotion and distribution.

Nowadays, farmers use social media especially WhatsApp application as a promotion tool. They share their list of harvested product prediction twice a week to agents who continue to disseminate the messages to customers. When farmers become member of the society, it means the harvested list will consist of greater varieties and quantity of products because all products which are produced by all members would be listed together. Meanwhile, every farmer usually has agents who take and deliver orders directly to consumers. Becoming a member of a community could give wider market to farmer. This farmer will have opportunity to gain order from other farmer’s agents.

The second advantage of being a member of the community is knowledge sharing. Pasar Hejo community holds internal events to share knowledge about production, technology and marketing. Furthermore, pasar hejo community also has a networking with other organic communities and they also invite others to share. Moreover, many experts who have interest to support organic farmers are invited to disseminate new information related to organic farm.

Another advantage for farmer community members is building consumers’ trust. Pasar Hejo use their social media to educate market. Some members of pasar hejo also have their own social media and website. They share information about the importance of consuming organic products, how organic farming preserves nature, how to be urban farmer and show the farm production documentation. Therefore, consumers trust the community even though the community does not provide their products with legal organic certification. Pasar hejo community always invites consumers to visit the farm and to assess the farming production, awareness. While other consumers trust the member of Pasar Hejo because they have visited the place, they have good relation with the owner and most of them realized that having organics certification for small holder farmers is difficult because of the high cost.

The last advantage is the opportunity to participate in an attractive Pasar Hejo event. This event is managed by Pasar Hejo with collaboration some communities such as garbage bank, urban farmer, disro, traditional toys sport club and school. Thus, it does not only provide organic products, it also gives entertainment and experience through making natural paint workshop, family gardening, making traditional game, cooking class, garbage bank and farming tools exhibition. There are also doorprizes, musical and dance performance, morning aerobic and baby exercises. Moreover, Pasar Hejo event has unique green marketing which is a green statement in their posters. It encourages the consumers to bring their own tumblers, lunch box and paper bag to avoid plastic usage. Supporting this idea, the event committee provide water dispenser for free.

When consumers of Pasar Hejo were interviewed, all of them appreciated Pasar Hejo as a community which supports small holder farmers to have better income and also have positive willingness to support society to consume healthy products and increase natural preservation. They liked Pasar Hejo’s idea to bring tumbler, lunch box and paper bag and the availability of free water dispenser. This green idea is rarely happens in Bandung. Furthermore, the concept of family’s time made this event successful to invite people to come on weekend. Many family members who came there may joined family and kids’ activities, enjoyed entertainment performance, learned gardening method and bought organic products.

However, pasar hejo committee realized even though Bandung people gave positive respond to this event and were asked them to hold it more often, it is difficult for them to have open public area as event venues. This happens because of limited public area in Bandung and low awareness of government and private companies in supporting organic products. Overall, it can be seen that farmer community does not only give advantages to its members but also provides education campaign to consumers to preserve nature and live healthily.

5. Product Innovation

Awareness of consuming healthy food in the society is just emerging, therefore it needs innovation to attract consumers such as creating innovation products which are organic food, spice and herbs, organic cosmetics, ecotourism and catering food. Organic food is chosen by consumers because this product does not consist of chemical substances. A variation of organics products includes vegetables and fruit crackers and snacks, organic juice, organic ice cream and organic baking ingredients. Consumer reviewed that organic vegetables ice cream really helped their children to eat vegetables because the taste of ice cream is dominated by the milky taste with lesser vegetables taste. On the other hand, some consumers who like organic crackers suggest that the product should be varied as most products have quite a strong salty taste. Taste can be mixed with popular snack taste such as chocolate, strawberry or milk for sweet taste. However, farmers only sell the products in their shops which makes it less accessible for consumers. Hence, expanding the distribution channels to more places such as supermarket school and modern retail should be considered.

The second innovation is organic herbs and spices. These products are daily used by consumers daily for cooking. Consumers feel that organic herbs and spices have fresher taste and healthier for their family.

Other innovative product is cosmetics. The consumers who bought the products vary from pregnant women, people with sensitive skin and children. Pregnant women mentioned that organic product would be safer because it contains no chemical substances. While people with sensitive skin experienced that using organic product prevents them from having skin irritation. Moreover, parents choose organic products for their children because they think organic products are lighter and more suitable for children.

Farmers also offer ecotourism for consumers who want to have organic farming experience. In ecotourism, farmers invite family and group of school students to come to their farm and get farming experience. In this environmental learning activities, guests will spend one to three days in the farmer’s village, learn about environmental issues, experience farmer’s life in the real place, partic-
ipate in organic farm planting and interact with local people. To be more professional, farmers also collaborated with event organizers (EO) to manage this experience. This activity gives additional income for organic farmers besides educating future consumers as means of long term investment for farmers.

The last product innovation is organic catering food that can be delivered to residential areas and offices. In this innovation, farmers create organic food menus and offer it through WhatsApp. To build people’s interest, some members offer sample products to customers such as vegie cookies, vegetable juice and organic lotion. One informant said that after he had been given the vegie cookies, he bought two packs because he thinks that the product is healthy and the taste is delicious. Then, sales persons who promote the farmers’ product and educate people about the benefit of products is also another factor that attracts consumers.

Product innovation could be the opportunity for organic farmer’s business. Focusing on the continuity of creating product innovation will give sustainability to farmer’s business.

6. Social Media

Social media has been a powerful marketing tool for farmers. Most of farmers use WhatsApp, Instagram and Facebook to communicate with consumers.

Small holder farmers under Pasar Hejo community built a simple supply chain under WhatsApp, starting from farmers to agents and finally to customers. First, farmers send the list of upcoming harvested products to agents at schools, universities and offices every 3 days. The list consists of name of products, price and quantity. Then, agents who are responsible to manage stock lists, orders, delivery and payment processes, they distribute the list to consumers. Then, consumers may order within 2 days to the agent. Finally, on the 3rd day, farmers drop the orders to agents who pay in advance. Finally, the agents continue to distribute products to consumers directly at schools, universities or offices and receive the payment. With this system, farmers could avoid stale vegetables loss.

Moreover, social media plays significant role for organic events. Through Instagram, pasar hejo community is followed by 453 followers. This official account informs people about the event one month before. It shows the event run-down, description of workshop and workshop price. Every member who has Instagram also re-posts the event information.

This sales promotion is appreciated by young people who love to take selfie pictures. On the other hand, older people said that they just bought the product because they need it. They are not interested in taking selfie pictures to get discount price.

7. Discussion

Small holder farmers who have limited resources should look for opportunities offered by joint farmer community, create product innovation and usage of social media.

Farmer community helps small holder farmers to have wider market. Then, farmers will have opportunities to increase their income. Community is also enable to have networking with many institutions in supporting organic farmers for knowledge sharing, building trust and participating in attractive event.

Nevertheless, in modern life with more competition to have sufficient earning, community solidarity is difficult to hold 16. To maintain farmer community and solidarity, the leader of the community should have good managerial skills. Leader’s discipline, interpersonal skill and passion, ability to respect, listening and write, ability to motivate and give public speeches are needed 17. Besides, members should apply the use of information communication technology (ICT) in farming community which gives advantages to other members. The use of ICT in agriculture to enhance agricultural production with up-to-date information of pest
and disease control, early warning system, new varieties, new production method and quality control regulation would be needed by farmers. Then, ICT also gives market access improvement by analyzing consumer trends thus farmers are able to make better decisions. Furthermore, ICT can be the tools to promote capacity building and empowerment of farmers. With capability of using ICT, community members will strengthen their capacity in negotiating, making land claim, getting right resources and infrastructures projects, gain law awareness and the need of transparency 18. Meanwhile product innovation could attract more consumers. A study from Geldes & Felzensztein, (2013b) shows that innovation can be implied in marketing, through packing and packaging, design and distribution method. It can also be implemented to products and services innovation. In this study, farmers already make innovation through processed products and new line products. However, farmers need to create new promotion strategy for those products independently because those products have different target market from the main products.

Moreover, social media marketing is recommended to SMEs because it gives benefits in marketing, customer support, research and development, finance, public relation and human resources. The power of word of mouth through social media also influences consumers’ purchasing decision 19.

According to an interview with Pasar Hejo consumers, they imply that they have intention to buy organic products because of healthy food and environment awareness, however the price is too expensive for them. Survey in Thailand describes that consumers appreciate organic products attributes such as local origin, animal welfare, environmental, health and food safety. However the purchase intention is still not high 20.

Based on that fact, farmers should focus on consumer need. The usage of social media should be carefully maintained to satisfy consumers. To understand customers, farmer community should explore customer behavior, needs and wants. Customers’ attitudes is be influenced by sustainability, market deterrents, personal values, demographic and the socioeconomic environment 21. A model of customer engagement cycle with connection, interaction, satisfaction, retention, loyalty, advocacy and engagement stages should be considered to form relationship with customer 22. This model should be considered by farmers to build communication and relationship with the customers through social media.

8. Conclusion

Pasar Hejo is a regular organic event which is held by small holder farmer community in Bandung with support by housing developer who is concerned about the green issue. This event provides a platform not only to sell healthy food but also educate consumers about healthy lifestyle and environmental issues with additional entertainment performance, workshop and sport. This event is mainly targeted to family with healthy lifestyle and concerned about green issue. Even though organic small holder farmers face difficulty because they do not have organic certification for their product, they have opportunity to serve niche market with costumers who care about a healthy lifestyle and trust the farmers. In addition, the finding shows that farmers utilize technology to empower themselves. They build community, create product innovation and use social media in order to empower themselves and earn more profit.

Through farmer community, they collaborate to hold community market events together and have wider market according to number of community members. It helps them to supply the need of extended consumers. Furthermore, processed products go through innovation process to yield variety of organic food, food ingredi- ent, cosmetics and ecotourism. Meanwhile, farmers use social media in various functions. They communicate using social media in their community to share idea and experience, inform consumers about healthy food and promote their products and events to them through WhatsApp, Facebook and Instagram.

In addition, farmers imply that they need more support from the government to utilize public space to arrange more events and ask for subsidies to get organic certification that will help them to widen their market. Nevertheless, consumers feel that the price of organic products is still expensive therefore it is still unaffordable even though they have intention to have a healthy life.

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