

THE MARKETING CHANNELS AND MARKETING MARGINS OF CITRONELLA OIL IN OGAN ILIR DISTRICT



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ABSTRACT

Marketing is a spearhead of the sustainability of a business. In marketing, a strategy is needed to increase sales; in selling citronella essential oil, a strategy is needed. The problem citronella farmers face is the limited marketing area of citronella essential oil. In addition to the unstable prices, almost all citronella farmers in various regions of Indonesia are aware of the limited marketing area of citronella essential oil. Similar problems also occur among citronella farmers in Ogan Ilir District. Farmers face challenges accessing a wider market, and prices tend to decline yearly, causing volatility. This study aimed to analyze the marketing strategy of citronella essential oil, identify marketing channels, and calculate the marketing margin and Farmer's Share of citronella essential oil business actors. This research was conducted for one year, namely in 2022. The method used a case study. The sampling method was purposive sampling, in which the samples taken were three self-help citronella distillation businesses used a purposive sampling method, and a sample of traders used snowball sampling. The study results on citronella oil business actors in Ogan Ilir District showed that the business actors carried out product, price, distribution, and promotion strategies. The marketing channel of farmers' fragrant Essential Oil Lemongrass comprised three marketing channels, namely channel one consisting of a farmer-trader collecting- factory, channel two including farmer-trader retailer-consumer, and channel three composed of farmers-collecting traders-wholesalers-factories in Padang. Marketing channel 1 had a marketing margin of IDR 30,000/liter with a farmer's share of 83.33%. Marketing channel 2 had a marketing margin of IDR 250,000/liter, with a farmer's share of 37.5%, and marketing channel 3 had a marketing margin of IDR 50,000,- with a farmer's share of 75%. Marketing channel 1 was the most efficient.

Keywords: distribution; farmer's share; price; product; promotion.

INTRODUCTION

Indonesia is an agricultural country with great diversity. Sufficiently advanced agriculture increases the welfare of farmers. The agricultural sector greatly influences the country, especially the currency. Essential oil is one of the agricultural commodities that can increase the country's exchange rate. Before World War II, essential oils were Indonesia's non-oil and gas exports. It is estimated that there are 40 essential oil-producing plants in Indonesia, but patchouli oil, citronella oil, vetiver oil, nutmeg oil, corolla oil, eucalyptus oil, ylang-ylang oil and sandalwood oil are the best known in the world market oil (Sulaswatty et al., 2019).

Citronella oil (*Cymbopogon winteranus*) is one of the essential oil export commodities that are in great demand in the global market and is Indonesia's leading product besides patchouli oil, nutmeg oil and clove oil (Wany et al., 2013). Citronella and citronella oil are several plants produced commercially and traded internationally as aromatic essentials (Catelo & Jimenez, 2017).

Citronella Oil has been used since ancient times to apply to fracture patients, to maintain physical strength and stimulate activity in the human brain. Chinese medicine uses citronella as a cream, rheumatism and pain reliever. In addition, lemongrass has antifungal, antibacterial, and antiseptic properties, asthma treatment, urinary tract medicine, insecticide, cough reliever,



depression, skin irritation, and insect repellent (Srivastava et al., 2013). The main components in citronella essential oil are Geraniol, Nerol and Citronella (Shintawati et al., 2016). Another component found in citronella oil is a cyclopropane compound, trimethyl (2-methyl-1-propenylidene), which is analgesic. Therefore citronella oil has the potential to be developed as an analgesic.

Indonesia is one of the world's essential oil exporters, but the development of Indonesia's essential oil industry has failed to meet the increasing global demand. This is due to the many benefits of essential oils. Many internal and external factors influence the dynamics of Indonesian essential oil marketing. From a marketing perspective, the main problem with developing Indonesian essential oils is fluctuating prices (Widiaswanti et al., 2022).

Most of the citronella oil produced by Indonesia is used for export. The citronella oil is still in crude form without being processed into the final product. Citronella oil is a commodity in the agribusiness sector that has a good market and is highly competitive in foreign markets. Countries that are active buyers of Indonesian citronella oil include Singapore, Japan, the United States, Australia, the Netherlands, England, France, Germany, Italy, India, and Taiwan (Farah Nabila & Nurmalina, 2019)

Lemongrass plants have the opportunity to become a commodity with multiple values on land with low fertility. The world export value for essential oils in 2015 was US\$637.4 million, and US\$694.7 million in 2016. The contribution of citronella oil to essential oil export earnings was around 12% of all exports of essential oil types. However, recently, the citronella commodity has experienced a decline in export volumes due to a lack of availability of raw materials due to low productivity, oil quality and the selling price of oil or fresh leaves (Bella et al., 2022)

Exports of citronella essential oil may face significant competition from producers and exporters from other countries. Price competition, quality, and brand image can affect product competitiveness. Understanding the existing market and competitors is important to develop an effective strategy for entering export markets. The problem of citronella that is often faced in Indonesia is in terms of developing citronella, which includes the procurement of raw materials, farmer participation, post-harvest handling, production processes, marketing, processing technology and distillation equipment. This obstacle causes citronella oil to be produced not optimal and causes the yield and quality to change (Damanik, 2016).

Exports of citronella essential oil may face significant competition from producers and exporters from other countries. Price competition, quality, and brand image can affect product competitiveness. Therefore, a strategy for marketing citronella essential oil products is necessary. Understanding the existing market and competitors is important to develop an effective strategy for entering export markets.

Currently, the problem citronella farmers face in Ogan Ilir Regency is the limited marketing area of citronella essential oil. This is felt by almost all citronella farmers in various regions in Indonesia, also the problem of unstable prices. A similar problem occurs in citronella farmers in Ogan Ilir Regency, farmers cannot access a wider market, and prices are unstable and tend to decrease yearly. This is why the researchers are interested in examining the abovementioned problems, especially for farmers in Indralaya District, Ogan Ilir. Analyzing the marketing strategy of citronella essential oil and its derivative products in Ogan Ilir Regency. The purposes of this research are to identify marketing channels and the constraints in marketing citronella essential oil, Calculate marketing margins, farmer share marketing of citronella essential oil and marketing strategy (*Marketing Mix*) citronella essential oil in Indralaya District, Ogan Ilir Regency.

MATERIALS AND METHODS

This study was carried out for one year in 2022 at Ogan Ilir District, South Sumatra Province. The method used was the Case Study method. The sampling method was purposive sampling, in which the samples taken were three self-help citronella distillation businesses, The sample farmers taken in this study were eight farmers and 3 sample traders located in Indralaya Subdistrict, Ogan Ilir District, and for the samples of traders, they were taken using the snowball sampling method. The citronella essential oil business is interesting to develop because it has broad market potential and several attractive advantages. The citronella essential oil business is interesting to develop because it is in high demand. Citronella essential oil is used in various industries, such as cosmetics, perfumes, food and beverages, aromatherapy, cleaning products, and many more. Demand for citronella essential oil continues to increase along with increasing consumer awareness of natural products, organic ingredients, and natural aroma-based products. This creates an attractive business opportunity for citronella essential oil products. Product added value: Essential oils have unique characteristics that give them a specific aroma, taste and benefits. Essential oils in products can

increase consumers' added value and attractiveness. Products with attractive aromas or health benefits associated with essential oils are in high demand. Export potential Indonesian essential oils are recognized in the global market for their good quality. As one of the main producers of essential oils in the world, Indonesia has the opportunity to supply high-quality essential oils to the international market. This opens up opportunities for business expansion and access to a wider global market.

The collected data consisted of primary and secondary data. The data were analyzed qualitatively and quantitatively. Direct interviews took primary data from respondents, namely citronella essential oil entrepreneurs, traders and farmers. The data collected was price data, number of products, and marketing mix, namely product strategy, price, distribution and promotion, while secondary data was monographic. Regions, exports of citronella essential oil from BPS, agriculture, plantation and horticulture services. The obtained data were processed systematically, tabulated, followed by mathematical calculations, and explained descriptively. The field data and information were processed following the objectives to be achieved and with the help of Microsoft Office Excel. The first objective was that the marketing strategy using the marketing mix strategy be answered with a descriptive analysis method accompanied by tabulations for the marketing mix overview data of citronella oil (Trojanowski, 2021). These include product, price, place, and promotion.

The second objective was to describe the form of the marketing channel or distribution channel used by citronella essential oil farmers in marketing essential oil products. The marketing margin from each marketing channel used was calculated mathematically. The third objective was calculating each marketing channel's marketing margin and efficiency. The data were processed descriptively through calculations. The total costs and mathematical formulas used to obtain the margins, profit costs, and Farmer's Share.

Farmer's Share is a concept that refers to the share of income farmers receive from the selling price of their agricultural products. Farmer's share analysis is useful to find out the share of prices received by farmers from the prices at the consumer level represented in percentage (%). The Farmer's Share is formulated as follows (Quendler & Sinabell, 2016):

$$Fs = Pf/Pr \times 100 \% \quad (1)$$

Where: Fs = Farmer's Share; Pf = price at producer/farmer level (IDR/kg); Pr = Price at the consumer level (IDR/kg)

Marketing margin or margin Marketing is a term that states differences in prices received by the first seller at a price paid by the last buyer (Kai et al., 2016). The marketing margin is the difference between the price paid to the first seller and the price paid by the last buyer (Karimudin, 2020). There are two basic concepts of marketing margin, namely, the aspect of product price and the aspect of marketing costs. Regarding product prices, the marketing margin is the difference between the price paid by the end consumer and the price received by the farmer/producer. Meanwhile, from the aspect of marketing costs, the marketing margin consists of marketing costs and marketing profits. Systematically marketing margin is as follows (Wuryantoro & Ayu, 2021) :

$$MP = Pr - Pf \quad (2)$$

Where: MP = Marketing margin (IDR/lt); Pr = Trader-level price (IDR/lt); Pf = Farmer-level price (IDR/lt)

RESULTS AND DISCUSSION

Marketing Channels

A marketing channel is an institution through which consumers, products or goods pass from producers to consumers (Raspati et al., 2020). The more institutions that go through, the longer the marketing funnel will be. Conversely, the fewer marketing institutions a product goes through in its movement from producer to consumer, the shorter the marketing channel will be.

Marketing of citronella oil itself is a process of distributing products produced in the production process to consumers to meet existing market needs. The citronella oil here is included in the essential oil group of types of essential oils widely exported, including lemongrass oil, nutmeg, cinnamon, etc., with a share of 58.7%. The marketing of citronella oil carried out by the respondent entrepreneurs have differences, that is, the location of the collection company or the middlemen who purchase their products. The respondents resided in North Indralaya Subdistrict, Ogan Ilir District, a

collection company (middleman) located in Baturaja and Solok, West Sumatra. This distribution process is carried out by sending the production results of citronella essential oil.

The marketing of citronella oil itself is distributing the citronella essential oil producers to consumers to meet the existing market's needs. Citronella oil is included in the essential oil group, which in 2021 it was widely exported with a portion of 58.7%. In the marketing of citronella oil carried out by the business actors being studied, there are differences in the marketing location, business actors marketing their citronella essential oil to mediators, and large traders and factories located in Baturaja and Padang City, West Sumatra. This distribution process is carried out by first sending a sample of essential oil and attaching a letter testing the content of "citronella" in the essential oil from the laboratory used by the business actors to check the quality level. The delivery of citronella through land routes using cargo services. This delivery process itself can take approximately 3-4 days. When the citronella oil has reached the collection company, the company does not immediately receive and pays for it, but it examines the content of such oil again before it pays. The standard content of the company is the citronella content of 35% and the geraniol content of 85%. If the content is met, then the collecting company will make a purchase transaction with a price for one liter of IDR 200,000.00. If the buyer, the factory or the wholesaler agrees, the business actor can sell it to the trader or factory. If it is not appropriate, then the buyer does not buy. The shortest marketing channels in the study are marketing channels 1 and 2. The longest marketing channel is the marketing channel 3. The shorter the marketing chain, the more efficient it will be. The most efficient marketing channel is marketing channel 1.

Marketing benefits refer to the difference between the price on the marketing margin and the marketing cost. Each marketing function performed by each business actor certainly incurs different marketing costs. The difference is determined by each institution's marketing costs in distributing citronella essential oil. In addition, the profit of each marketer can be known after reducing the receipts obtained from the sale of citronella essential oil with business costs incurred during the marketing process. In this study, channel 1 benefited farmers more when compared to any other two channels. Likewise, in terms of efficiency and recommended in this study is marketing channel one because it has the highest farmer's share value of 83.33%. In theory, it can be concluded that the shorter the marketing chain, the more efficient it will be. This is following the research that has been carried out.

1. Marketing Channel Pattern 1

Marketing channel pattern 1 is a marketing pattern of essential oil of citronella from citronella farmers selling to collecting merchants located in Baturaja and from the merchants directly selling it to the Company (Figure 3). In this case, the company located in Baturaja was sent to the Jakarta head office for export to China and Japan and processed by the domestic industries. The quality that farmers will sell to the company is determined by the quality and content of citronella contained in the essential oil of citronella, which is 37 percent. Before being sent to the company, the citronella essential oil derived from the farmers is tested in laboratory tests at the head office. The samples are usually sent in small bottles of 50 ml. If it complies with the standards requested by the company, the collecting merchant can send this citronella essential oil to the company. If it does not comply with the standards set by the company, the essential oil of citronella will be rejected and returned to the farmer.

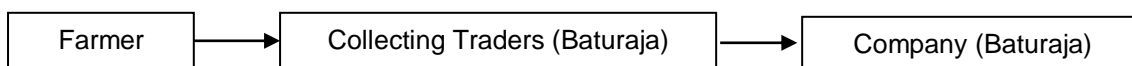


Figure 1. Scheme of marketing channel 1 of essential oil of citronella

2. Marketing Channel Pattern 2

Marketing Channel 2 is a marketing channel for citronella farmers selling this essential oil directly to retailers/resellers and then selling it to consumers (Figure 2). The essential oils sold to these retailers by farmers are already packaged in small bottle packages of 10 ml at IDR 8,000 per bottle, 100 ml at IDR 35,000,- per bottle, and 250 ml at IDR 80,000,- per bottle. While the retailers/resellers sell the package volume of 10 ml at IDR 10,000 per bottle, 100 ml at IDR 50,000,- per bottle, and 250 ml at IDR 100,000,- per bottle. So the reseller gets the difference in profits from the business people/farmers of citronella around IDR 10,000 to IDR 20,000-

The activities of marketing channel 2 were not smooth because there were not many consumers/people familiar with citronella essential oil, and they did not know the benefits of it. Those familiar with this citronella essential oil and know its benefits will make a repurchase.

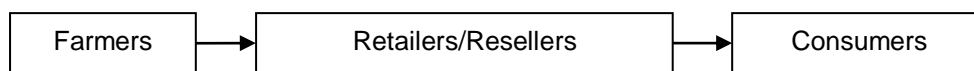


Figure 2. Scheme of marketing channel 2 of essential oil of citronella

3. Marketing Channel Pattern 3

Marketing channel 3 is a marketing pattern of essential oil of citronella from fragrant lemongrass farmers selling to collecting traders located in Padang City and from the collecting merchants directly selling it to wholesalers then sending it to factories (Figure 3). The factory is located in Jakarta. The products are processed by the domestic industries and exported to foreign countries. The quality sold by farmers to collectors and wholesalers is also determined by the quality and content of citronella contained in citronella essential oil, which is 37 percent. Before being sent to the traders, the citronella essential oil from farmers is tested in the laboratory. The samples are usually sent in small bottles of 50 ml. If it complies with the standards requested by the company, then it can be sent by the collecting merchant to the company. If it does not comply with the standards set by the company, it will be rejected and returned to the farmer.

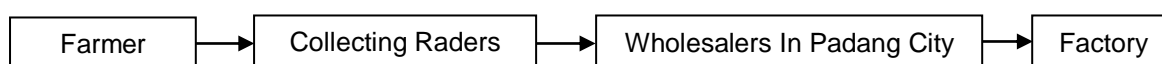


Figure 3. Scheme of marketing channel 3 of essential oil of fragrant lemongrass

Marketing Margin

Marketing margin refers to the difference between the selling price of a product or service and the costs associated with marketing that product. The amount of marketing margin on each marketing channel of essential oil of citronella is influenced by each price yang applicable in each marketing institution. The sales price in this study was based on the average prices of some marketers. The marketing margin is the difference between prices at the producer level and prices at the consumer level. In this study, the marketing margin showed the price of citronella essential oil received by the farmers from the collecting merchants and the price received by the collector traders from large traders, The Price paid by the company which will deliver the citronella essential oil to the head office and by the head office it will be exported to China and Japan. The domestic industries processed the products in marketing the essential oil of this fragrant lemongrass. The marketing margins on channels 1, 2 and 3 are presented in Table 1 below.

Table 1. Average price and marketing margin of citronella essential oil in Indralaya Subdistrict on channels 1, 2 and 3

| Marketing Margin Elements | Marketing Channel 1 | | Marketing Channel 2 | | Marketing Channel 3 | |
|----------------------------------|---------------------|--------|---------------------|--------|---------------------|---------|
| | Price (IDR/ltr) | (%) | Price (IDR/ltr) | (%) | Price (IDR/ltr) | (%) |
| A Farmer | | | | | | |
| Selling Price | 150,000 | 83,33 | 150,000 | 80.00 | 150,000 | 75.00 |
| B Collecting Traders/Resellers | | | | | | |
| Purchase Price | 150,000 | 83.33 | 150,000 | 80.00 | 150,000 | 75.00 |
| Selling Price | 180,000 | 100.00 | 400,000 | 100.00 | 180,000 | 90.00 |
| Margin Marketing | 30,000 | 16.66 | 250,000 | 20.00 | 30,000 | 15.00 |
| C Large Enterprise/large traders | | | | | | |
| Purchase Price | 180,000 | 100.00 | 0 | 0 | 180,000 | 90.00 |
| Selling Price | 0 | 0 | 0 | 0 | 200,000 | 100.00 |
| Margin Marketing | 0 | 0 | 0 | 0 | 20,000 | 10.00 |
| D Factory purchase price | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Marketing Margin | 30,000 | 100.00 | 250,000 | 100.00 | 50,000 | 100,000 |

Table 1 shows that in channel 1, the selling price of citronella essential oil at the farmer level to the collecting trader is IDR 150,000,-/liter, which is the average selling price of the respondent. Furthermore, the price of citronella essential oil is at the level of the collecting trader; then the collecting traders sell it to the company at the Price of IDR 180,000,-/liter with a marketing margin of IDR 30,000/liter, then from the wholesalers to factories the purchase price is IDR 30.000/liter. Based

on the information obtained from the collecting merchants, the farmer's selling price is determined following the purchase price by the company.

In Marketing Channel 2, citronella essential is sold from farmers/entrepreneurs of citronella essential oil to retailers for IDR 150,000,-/ liter. This product has been packaged in small packages of a volume of 10 ml, selling at IDR 8,000 per bottle and 100 ml at IDR. 35,000,- per bottle, and 250 ml at IDR 80,000,- per bottle. While the retailers/resellers sell a volume of 10 ml at Rp 10,000 per bottle, 100 ml at IDR 50,000,- per bottle, and 250 ml at IDR 100,000,- per bottle.

This way, the resellers get the difference in profit from the business people/farmers of citronella around IDR 200,000- up to IDR 250,000- if converted into liters, which means that the marketing margin varies based on the packaging sold. In this case, the average marketing margin obtained by the marketing institution is IDR 250,000/liter if packaged in bottles of 250 ml and IDR 200,000. If packaged with a size of 10 ml and IDR 150,000, if packaged in a bottle containing 100 ml, calculating the marketing margin for a bottle size of 250 ml is IDR 100,000,-per bottle. If converted, the price per liter is IDR 400,000,-.

The marketing margin of channel 3 of the essential oil of citronella is from the fragrant lemongrass farmer selling to the collecting merchants in Padang City and from the collecting merchants directly selling it to the wholesaler and then sending it to the factory. The farmers sell to the collecting traders at IDR 150,000,-/liter, and the collecting traders sell to the wholesalers at IDR. 180,000,-/liter, and the large traders sell to the companies at IDR 200,000,-/liter. The marketing margin on channel 3 of marketing institutions averages IDR 20,000,- presented in Table 1 in detail below.

Farmer Share

Farmer share is a percentage of the share that farmers get from the prevailing price at the consumer level (Suminartika & Djuanalina, 2017). Another conveyed opinion stated that Farmer's Share is a marketing analysis that compares the prices received by farmers with the prices paid by end consumers (Riyadh, 2018). Farmer's share is an indicator that shows operational efficiency in the portion received by farmers from a marketing activity (Sustiyana & Iswahyudi, 2019). The size of the Farmer's Share is strongly influenced by the marketing channels used and the selling price at the retail level. The size of the share received by farmers shows whether or not the distribution of profits is evenly distributed between collectors, wholesalers, and retailers to farmers (Arbi et al., 2018). The more marketing intermediaries, the smaller the share received by farmers.

The size of the farmer share is determined by the length of the marketing channel and the amount of selling price that applies at the consumer level. The farmer share calculation technique calculates the price at the farmer level divided by the price at the consumer or factory level, which is the final consumer, and then multiplied by 100 percent. The results show the farmer's share calculation results on Marketing Channels 1, 2 and 3 can be seen in Table 2 below.

Table 2. Farmer share on marketing channels 1,2 and 3 of marketing of essential oils in Indralaya Subdistrict, Ogan Ilir District

| No. | Actor | Price (IDR/lt) | | | Farmer's share (%) | | |
|-----|-----------|----------------|---------|---------|--------------------|------|----|
| | | 1 | 2 | 3 | 1 | 2 | 3 |
| 1. | Farmer | 150,000 | 150,000 | 150,000 | | | |
| 2. | Factory | 180,000 | | 200,000 | 83.33 | 37.5 | 75 |
| 3. | Retailers | | 150,000 | | | | |
| 3. | Consumers | | 400,000 | | | | |

Remarks: I = Marketing Channel 1, II = Marketing Channel 2, III = Channel 3

Table 2 shows that the percentage of the share obtained by the farmers from the prevailing price on the factory or farmer share in marketing channel 1 is 83.33%, while in the existing marketing channel two, the farmer share is 37.5%, and on channel three the Farmer's Share at the farmer level is 75%. The Farmer Share's value is $\geq 40\%$ on Marketing channels 1 and 3 (83.33% and 75%), which means the channel is relatively efficient. Meanwhile, marketing channel two is classified as inefficient because the value of the Farmer's Share is $\leq 40\%$, which is only 37.5%.

Marketing Strategy

Marketing mix analysis is carried out by identifying price, product, place, and promotion (4P) and elements of segmentation, targeting and positioning (Mullins & Walker, 2016). Marketing is a strategy implemented by a company to determine how the company presents its product offerings to a

particular market segment. To find out the target market or marketing mix. No matter how useful a product is, if consumers are not aware of it, the benefits of the product are unknown, and consumers may not buy it. In carrying out a marketing strategy, a seller must strive to influence consumers to create demand for the product to be maintained and developed to improve service and sales to consumers. The marketing strategy developed by the Citronella Essential Oil Distillery Business Actors carries out the process of analyzing, planning, implementing, and supervising all activities and programs by referring to product, product pricing, distribution, and promotion strategies.

1. Strategy of Products

Citronella oil made from citronella leaves produced by farmers in Ogan Ilir Regency has a fairly high citronella oil content of 38%. Testing the content of Citronella Oil was conducted at the Laboratory of Universitas Sriwijaya laboratory tests, whose information was needed by buyers. The citronella essential oil products made by the farmers in Ogan Ilir District are packaged simply using drums to be marketed to mediators and companies in West Sumatra and Baturaja. The products do not yet have a permit from the Ministry of Health, BPPOM, or MUI.

Some citronella essential oil farmers also directly market the citronella essential oil products to resellers or consumers, using various glass and plastic bottle packaging in sizes 10 ml, 20 ml, 50 ml, and 100 ml. Besides, one of the entrepreneurs of citronella essential oil is CV. Palindra Agro Green Oil has started trying to process essential oil into citronella soap, but it is only in the trial stage and has not been marketed to consumers. Generally, the essential oils products packaged using glass and plastic bottle packaging are sold directly to resellers and consumers. The pictures of citronella essential oil products that have been packaged in plastic and glass bottles (Figure 4)



Figure 4. Samples of citronella essential oil products packaged in bottles

| No | KAWATIRAN | HASIL Uji | REKOMENDASI | SIMPULAN |
|----|------------|-----------------------|-------------|---------------------------|
| 1 | Warna | Putih bening | Benar | Warna sesuai standar |
| 2 | Bau | Harum khas Citronella | Benar | Bau sesuai standar |
| 3 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 4 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 5 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 6 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 7 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 8 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 9 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 10 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 11 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 12 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 13 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 14 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 15 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 16 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 17 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 18 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 19 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |
| 20 | Kelembutan | 1-2 tetes | Benar | Kelembutan sesuai standar |

Figure 5. Quality test results of citronella essential oil

In addition to the main product, i.e., citronella essential oil, the farmers/business actors in Ogan Ilir District also sell by-products of the processing of citronella essential oil in the form of distilled citronella essential oil applied as a cleaning liquid and for disinfectant liquid which is sold to local people at a low price of IDR. 5,000/ bottle. They use the waste as compost and land cover to maintain the humidity of their farmland. The business actors use various "Marketing Mix" strategies in marketing citronella essential oil in Ogan Ilir District, namely product strategy, pricing strategy, distribution strategy and promotion strategy (Išoraitė, 2016) (Ismail et al., 2015). The citronella essential oil business actors have made various efforts in product strategies, ranging from making various processed products from the citronella essential oil then packaging it in various smaller sizes with a smaller essential oil size in selling volume so that the whole community can reach it, then

continuing to improve the quality of the product which is generated to increase sales. The type of essential oil produced is citronella essential oil that uses seeds with the SW-1 type

2. Pricing Strategy

The farmers/business actors and refining of citronella essential oil in Ogan Ilir District do not have bargaining power because they only accept prices from the mediators and companies. Inevitably they accept only the price set by the mediators and companies. If they refuse, they will struggle to market this citronella essential oil. If it is sold directly to consumers or resellers, they can determine the price ("Price taker"), but the demand from resellers and consumers is not much and does not continue, and the amount is not so much.

The essential products sold to these retailers by farmers have been packaged in small packages, with a volume of 10 ml with a selling price of IDR 8,000 per bottle and 100 ml bottles at IDR. 35,000- 250 ml bottles at IDR 80,000, - per bottle. While the retailers/resellers sell with a volume of 10 ml at a selling price of IDR 10,000 per bottle, 100 ml bottle at IDR 50,000,-, and 250 ml bottle at IDR 100,000,- per bottle. The resellers get the difference in profit from the business people/farmers of citronella, around IDR 10,000 to IDR 20,000,-, while those to the mediators are IDR. 150,000,- per liter, and to the company as much as IDR 180,000.- Some farmers use seeds with the type of *Maha Pengiri* (Java citronella). It depends on the availability of the seedlings. Then the price strategy is to make the size of the bottle a smaller volume so that the prices are affordable at lower prices starting from the price per bottle of IDR 10,000,- to IDR 200,000,- per liter.

3. Distribution Strategy

The company considers when and where the product can be obtained by consumers when consumers need it. The company tries to bring its products closer and make it easier for consumers to obtain products to fulfill their needs whenever needed. In this case, the products from the farmers/business actors of citronella essential oil are distributed to the Baturaja area and Padang City through the mediators. To get to Baturaja and Padang City, the farmers/business actors normally send the citronella essential oil by travel services at IDR. 50,000, - per drum. The distribution strategy was carried out to resellers who usually take their citronella essential oil for resale and consumers who buy directly. There has been no cooperation with pharmacies or shops in marketing citronella essential oil because the citronella essential oil products do not yet have a distribution permit, such as from PIRT or BPPOM.

4. Promotion Strategy

Promotion is a part of the marketing mix that plays a big role. It is an expression in a broad sense about those activities that are actively carried out by the companies (sellers) to encourage consumers to buy the products they offer. The policy taken by the company in disseminating information about its products to consumers is that the products are available in the market, and the products can provide adequate benefits and satisfy consumer needs. The nature of promotions other than those mentioned above is to introduce products to consumers, intending to seduce potential consumers to be moved to make purchase actions for the products offered.

The farmers distilling citronella essential oil promote through social media of Whats App, Instagram, and Facebook to market citronella essential oil and sell the citronella essential oil packaged in small bottles using the Shopee Application. The promotion strategy was carried out using social media and other media, but they were not yet optimal in marketing the citronella essential oil products because there was no special administrator in charge of managing marketing using social media. Besides, the essential oil of citronella is not familiar to the public. Moreover, the public does not yet know the benefits of essential citronella oil. A possible solution is to promote this citronella essential oil product in exhibitions held by related agencies or agencies to have a forum for the socialization of this citronella essential oil product. In addition, it is necessary to socialize the benefits of this citronella essential oil to the public.

CONCLUSIONS AND SUGGESTION

The marketing strategy of Citronella Essential Oil farmers conducts a "*Marketing Mix*," namely strategy product, price, distribution and promotion strategy. The product strategy carried out is to package the product in various packages at various prices to reach buyers and sales areas, as well as a promotion strategy using social media. There are three marketing channels: Channel one includes farmers-traders collecting-factories, marketing Channel 2 includes farmers-traders retailers-consumers, and Channel 3 includes farmers-traders- large collecting traders-factories in Padang. In

conclusion, marketing channel 1 is the efficient marketing channel. Marketing channel 1 is a marketing channel with a short chain that is more efficient due to lower marketing costs, better communication, greater control, and higher speed in delivering products to consumers. The government or related institutions can assist citronella farmers in gaining wider market access through partnerships with processing companies or product exhibitions and promotions. This program can help farmers sell their products at better prices and increase export opportunities. Strengthen citronella farmer cooperatives to help them collectively process, market and distribute their products. Cooperatives can provide bargaining power in price negotiations and strengthen the position of farmers in the supply chain.

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