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PATTERNS AND DETERMINANT FACTORS OF ARABICA COFFEE'S MARKETING MARGIN IN NGADA REGENCY

Pola Saluran Dan Faktor yang Mempengaruhi Marjin Pemasaran Kopi Arabika di Kabupaten Ngada

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ABSTRACT

Coffee is one of the essential plantation commodities in the development process of plantation sub-sector. Ngada Regency is one of the coffee producers in East Nusa Tenggara Province. Coffee in Ngada Regency becomes one of the plantation commodities that conceive high potential to be developed. This research aims to discover the established marketing channel pattern, factors influencing marketing margin of Arabica coffee, and the quantity of price received by farmers the in Ngada Regency. The respondents in this research were 59 farmers who were derived randomly and 10 merchants who were derived from snowball sampling technique. This research used interview with a questionnaire as supporting tools in collecting the data. This research analyzed the data descriptively and multiple regression analysis was also conducted through Ordinary Least Square method. The analysis results show that (1) the established marketing channel pattern of Arabica coffee in Ngada Regency are channel I: Farmers - Product Processing Unit – PT. Indocom (sold in the form of red logs coffee that is processed into Hard Skin coffee), channel II: Farmers – PT. Indocom (sold in the form of Hard Skin coffee) and channel III: Farmers – Collected Traders – Retailers – Consumer (sold in the form of coffee beans). (2) The factors that influence the marketing margin are marketing volume and marketing cost. The distance and coffee processing do not have any significant influence towards the marketing margin. (3) The marketing channel that conceives high value of farmer's share is the marketing channel II.

Keywords: *Multiple linier regression analysis, Arabica coffee, Plantation, Marketing channel*

INTISARI

Kopi merupakan salah satu komoditi perkebunan yang penting dalam pembangunan subsektor perkebunan. Kabupaten Ngada merupakan salah satu daerah penghasil kopi di Provinsi Nusa Tenggara Timur. Kopi di Kabupaten Ngada menjadi satu dari beberapa komoditas perkebunan yang sangat berpotensi untuk dikembangkan. Penelitian ini bertujuan untuk mengetahui pola saluran pemasaran yang terbentuk, faktor – faktor yang mempengaruhi marjin pemasaran kopi arabika dan besarnya bagian harga yang diterima oleh petani di Kabupaten Ngada. Jumlah responden dalam penelitian ini sebanyak 59 orang petani yang diambil secara acak dan 10 orang pedagang yang diambil dengan teknik snowball sampling.

Penelitian menggunakan wawancara dengan bantuan kuesioner sebagai instrumen utama dalam mengumpulkan data. Penelitian dianalisis secara deskripif dan analisis regresi linear berganda dengan metode Ordinary Least Square (OLS). Hasil analisis menunjukkan bahwa (1) Pola saluran pemasaran kopi arabika di Kabupaten Ngada yang terbentuk ada 3 yakni saluran I: Petani-Unit Pengolahan Hasil-PT. Indocom (dijual dalam bentuk kopi gelondong merah diolah menjadi kopi Hard skin), saluran II: Petani-PT. Indocom (dijual dalam bentuk kopi Hard skin) dan saluran III: Petani-Pedagang pengumpul kecamatan-Pedagang pengecer-Konsumen (kopi dijual dalam bentuk kopi biji). (2) Faktor yang mempengaruhi marjin pemasaran adalah volume pemasaran dan biaya pemasaran. Jarak dan pengolahan kopi tidak berpengaruh signifikan terhadap marjin pemasaran. (3) Saluran pemasaran yang memiliki nilai farmer's share yang tinggi terdapat pada saluran pemasaran II.

Kata kunci: *analisis regresi linier berganda, kopi arabika, perkebunan, saluran pemasaran*

INTRODUCTION

Coffee is one of the essential plantation commodities in the development process of plantation sub-sector. The important role of coffee is in the context of fulfilling the domestic needs and/ or as the export commodity to produce national foreign exchange. Coffee has its own attractiveness for the coffee lovers/ addict. For most of Indonesian people, coffee is one of the main beverages beside tea and others. Coffee becomes a favorite for many people due to the impact of caffeine as "stimulant material" as well as a "Lubricator" which supplies energy that stimulates the heart and brain performances (Pobela, 2016).

The centers of Arabica coffee production in East Nusa Tenggara Province are located in 5 (five) Regency. Ngada Regency is recorded as the biggest Arabica coffee producer in East Nusa Tenggara Province with 51.35% contribution (3,301 tons production), followed by Ende with 25.50% (1,814 tons production), East Manggarai with 17.68 (1,258 ton production) and Manggarai with 8.53% contribution (614 tons production). The other one center Regency have contributed below 2% values, such as Nagekeo Regency with 1.80% (128 tons production) (Ministry of Agriculture, 2016).

Ngada Regency which is located in Flores Island is one of the regions that produce coffee in East Nusa Tenggara Province. Coffee in Ngada Regency becomes one of the several plantation commodities that conceive high potency to be developed. The potential of Arabica coffee development provides an opportunity for the coffee farmers to conduct business expansion through area expansion and production improvement. Beside conducting business expansion, another aspect that needs to be considered in the cultivation business of Arabica coffee is marketing.

Marketing is one of the efforts conducted by the farmers in acquiring rewards for the implemented agricultural business. This becomes very important to increase the income of farmers. However, marketing issues are still the major constraint in production activities. This happened to coffee farmers in Kabupaten Manggarai who sold coffee with the Ijon system. Ijon system is a system of sale of crops in a state still not in the picking of the stem or still green has not been harvested. Sales with ijon system have an impact on the selling price is very cheap. Aloysius Pon is one of the farmers who sold his coffee at IDR 3,000 – IDR 4,000/ Kg. Even though, the price of normal coffee can reach IDR 20,000/ Kg (Oktora & Dewanto, 2011). Therefore, a good marketing system is needed.

Considering the importance of Arabica coffee commodity for farmers, therefore, the clear/obvious description regarding the marketing process of Arabica coffee from the farmers towards the consumers is required. In the marketing system, the flow process of a product from the producers to the consumers is occurs. The important factor in accelerating the flow of product from the producers to the consumers is the proper selection/ determination of marketing channel. The inefficient marketing channel will occur if the marketing cost becomes higher and the value of product that being is distributed becomes lower (Chaerani, 2016). According to the research of (Hartatri & de Rosari, 2011), the marketing channel pattern established in Manggarai and East Manggarai Province is farmers – collectors – merchants – exporters.

The issue/problem of marketing channel selection/determination is a crucial matter (Sjarkowi & Surfri, 2014 in Chaerani, 2016). The importance of marketing channel selection /determination is associated to the amount of profit received by each marketing institution. The amount of profit received by the involved marketing institution will influence the marketing margin of Arabica coffee (Sairdama, 2013).

The amount of marketing margin is highly influenced by several factors such as price, selling volume, marketing distance, and others. According to Dina (2015), the factors that influence the marketing margin of cacao beans are the marketing volume, as well as marketing channel II, namely farmers-small collector merchants-big collector merchants and IV, namely farmers- big collector merchants-PT. Pagilaran. The marketing volume provides positive influence towards marketing margin. This condition shows that the bigger marketing volume will result in a bigger marketing margin established. The marketing channel II, namely farmers-small collector merchants-big collector merchants and IV, namely farmers- big collector merchants-PT. Pagilaran as dummy variables provide positive influence towards the marketing margin. The established marketing margin is emerging due to the amount of participation/role by the involved marketing institution. The bigger roles provided by the marketing institution will result in a bigger establishment of marketing margin. A research conducted by Budiningsih & Utami (2007) mention that the factors which influence salak pondoh (bark) margin are the selling price and selling system of salak pondoh. The selling price variable provides positive influence towards the marketing margin. It means that if the selling price of salak pondoh increases, then the marketing margin will increase as well. The selling system as dummy variable provides significant influence towards the marketing margin. This condition occurs because most of the farmers select the selling system of initial payment which will increase the marketing margin. This system is selected by the farmers due to their emergency needs and their debt to the village collector merchants.

The studies regarding to the marketing pattern, the factors that influence margin and the portion received by farmers are necessary to be conducted because they can be a consideration in determining the marketing channel that provide high income for the farmers. In that order, this research aims to discover the established marketing channel pattern, factors that influence marketing margin of Arabica coffee and the quantity/portion of price received by the farmers in Ngada Regency.

METHODS

This research basic method is descriptive. The research location was purposively determined by considering Ngada Regency as one of the biggest producers of Arabica coffee in East Nusa Tenggara Province. Bajawa and West Golewa Districts were determined as research location in Ngada Regency because these two areas have the highest coffee production. Total numbers of the sample are 59 farmer respondents who were derived randomly which consist of 30 respondents from Bajawa District and 29 respondents from West Golewa District. The merchant respondents are derived from snowball sampling technique. There are 10 respondents of merchants. This research uses an interview with a questionnaire as the main supporting tools in collecting the data.

The analysis of marketing channel pattern was conducted by identifying the institution level in the marketing channel of Arabica coffee. In order to discover the margin, farmer's share, profit, and cost in each marketing institution, as well as the methods are described as follows:

Marketing Margin

The amount of marketing margin can be discovered through price differences received by the farmers compared to the cost paid by the consumers which is calculated through the formulation explained below(Asmarantaka, 2012):

$$MP = Pr - Pf$$

Note:

MP : Marketing Margin (IDR/Kg)

Pr : The price at final consumers level (IDR/Kg)

Pf : The purchasing price at farmers level (IDR/Kg)

In order to discover the factors that influence the marketing margin of Arabica coffee in Ngada Regency, multiple linier regression analysis was conducted through Ordinary Least Square (OLS) method with the model used as follows:

$$Mi = \beta_0 + \beta_1 VPi + \beta_2 Ci + \beta_3 Jk + \beta_4 Di + e$$

Note:

Mi : Marketing margin

VPi : Marketing volume

Ci : Marketing cost

Jk : Marketing distance

Di : Coffee processing

: D = 0, unprocessed coffee

: D = 1, processed coffee

β_0 : Constanta

$\beta_{1..}\beta_4$: Regression coefficient

e : error

Farmer's share

In order to discover the amount of farmer's share (portion received by farmers), the amount can be calculated through the formulation as follows:

$$Fs = \frac{Pf}{Pr} \times 100\%$$

Note:

Fs : Farmer's share (%)

Pf : Price at farmers level (IDR/Kg)

Pr : Price at consumers level (IDR/Kg)

RESULT AND DISCUSSION

According to the research conducted, in general, the marketing institutions involved in the marketing process of Arabica coffee in Ngada Regency are farmers, product processing unit, district collector merchants, and retailer merchants.

Farmers

Farmers are the marketing institution who plays as the producer of Arabica coffee in Ngada Regency. Farmers conduct marketing function such as exchange function in the form of selling activity. The selling of Arabica coffee by the farmers is conducted in three coffee products, namely red log coffee, hard skin/parchment coffee, and coffee beans.

The physical function conducted by the farmers including the packaging process, processing/manufacturing, transporting, and storing/saving. Farmers pack the Arabica coffee by using hygienic sack/bag. In processing Arabica coffee, farmer conducts initial processing before selling; however, there are farmers who sell the products without being processed. The unprocessed product is sold by the farmers in the form of red log coffee. There are various transportation processes conducted by the farmers. There are farmers who transport the coffee by motorcycle or transport car, however, there are farmers who transport the coffee by foot due to the close distance between the farmers and the merchants' locations. Farmers usually save/store the coffee in the form of the coffee bean. This activity is conducted to provide supplies for consumption or in the time of emergency needs that requires the coffee to be sold.

The facility function conducted by the farmers includes the activities of shorting, risk financing, and market information. Shorting activity conducted by farmers only occurs for red log and hard skin coffee. The shorting activity for red log coffee is conducted by separating the red-color coffee with the green or black-color coffees. This activity is conducted because the selling of red log coffee has to be in accordance with the standardization provided, which is 95% of the red fruit. The shorting of hard skin coffee occurs in the manufacturing process which is conducted by separating the coffee bean from its skin.

Some farmers conduct financing activity because they employ labors who help the coffee manufacturing process. In general, the risk faced by the farmers occurs when the coffee that is sold does not meet the standard. This condition happens when the farmers sell the coffee in the form of hard skin/parchment coffee. The problem is related to the water content where the water content for hard skin/parchment coffee is 12%. If the coffee does not meet this standard then the farmer will receive a low price.

Product Processing Unit

The product processing unit is a marketing institution that acts as a trader who purchases Arabica coffee directly from the farmers. The marketing functions performed by the product processing unit are the function of exchange, physical function, and facility function. The exchange function performed by the product processing unit is the buying and selling activities. The processing unit purchases coffee from the farmers in the form of red log coffee and sold the coffee to PT. Indocom in the form of hard skin/parchment coffee.

The product processing unit performs physical functions such as processing, packaging and storing. Processing activity conducted by the product processing unit is processing the red log coffee into hard skin/parchment coffee. The hard skin coffee is later being packed in clean sacks. The packed Coffee is sold and stored as supplies to be processed into coffee powder. Transport activity is not conducted because the buying and selling processes take place at the location of the product processing unit.

The product processing unit performs the facility functions in the form of sorting activities, financing, risk management and market information. The sorting activities, financing, and risk management which is conducted by the processing unit are the same with the activity conducted by the farmers who perform hard skin coffee processing. Regarding the market information, the product processing unit conducts an agreement regarding the price of red log coffee and hard skin coffee. The determination of selling price is usually conducted between the product processing unit, farmers, and PT. Indocom. In addition to price, the market information provided by the product processing unit is the quality of the coffee that is in accordance with the determined standard.

Collected Traders

Collected traders are the marketing institution that played as traders who purchase Arabica coffee from the farmers. The marketing function conducted by the collected traders is the function of exchange, physical function, and facility function. Exchange function is conducted in the form of buying and selling activities. Collected traders purchase Arabica coffee from the farmers in the form of coffee beans and then sold the coffee beans to the retailers. The physical functions performed by the retailers are packaging and storage. Usually, the coffee is packed by using a sack and simultaneously performs the storing process.

The facility function conducted by the collected traders is in the form of financing and market information. Collected traders spend the cost used to pay labors and market information activities related to the selling price of coffee. The information of coffee's selling price usually obtained from fellow traders/merchants.

Retailers

Retailers are the marketing institution that acts as a merchant who purchases Arabica coffee from the collected traders. The marketing function performed by the retailers is almost the same as collected traders. The difference lies in the physical function regarding the transport activity and the facility function of financing activity. Retailers conduct transporting activity while district collector merchants are not because the buying and selling processes take place at the collected traders location. The retailers do not conduct financing process because the marketing activities are performed independently by the retailers.

The marketing channel pattern of Arabica coffee in Ngada Regency

The marketing channel is closely associated with the establishment of customers' value that frequently mentioned in supply chain. In particular, the marketing channel is an aspect in which the establishment of the final value of the tested chain in relation to the final

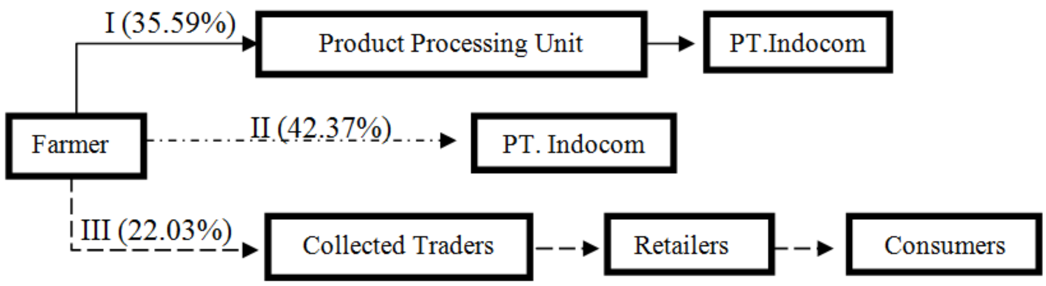

Figure 1. Marketing channel pattern of Arabica coffee in Ngada Regency

Note:

1. The channel of Arabica coffee in the form of red log:
2. The channel of Arabica coffee in the form of Hard Skin (HS):
3. The channel of Arabica coffee in the forms of red log and coffee bean:

consumers (Kozlenkova, Hult, Lund, Mena, & Kekec, 2015). There are three patterns of established marketing channels of Arabica coffee described as follows:

a. Marketing Channel I, in this channel, the respondent farmers (35.59%) sell the coffee in the form of red log by Rp 5,000/kg price to product processing unit. The process of coffee selling to the product processing unit must meet the requirements of 95% average percentage of red fruit without any green or black logs. Then, the processing unit performs the manufacturing process from log coffee into hard skin/parchment coffee which later sold to PT. Indocom with the price of Rp 12.500/Kg.
b. Marketing channel II, this channel distributes coffee in the form of Hs (Hard skin) coffee with 42.37% of farmers' respondents. In the second marketing channel, farmers conduct coffee manufacturing process until resulted in the form of hard skin/parchment coffee which later sold to PT. Indocom. Product processing unit is a place where the process of buying and selling transactions between farmers and PT. Indocom are performed, and product processing unit is responsible to supervise the entire selling activities in order to diminish any fraud that could harm/disadvantaging both farmers and the PT. Indocom.
c. Marketing channel III is the marketing channel in which 22.03% of the farmers respondent sell coffee in two forms: red log coffee and coffee bean. The red log coffee is sold to product processing units while coffee bean is sold by the farmers to the collected traders. Subsequently, the collected traders sell the coffee to the retailers, and then from retailers, the coffee is sold to the consumers.

The marketing system in Ngada Regency for red log coffee and hard skin coffee is different from the coffee bean marketing system. The marketing of red log coffee and hard skin coffee is conducted through one door marketing. This means that the coffee from farmers is sold to the product processing unit. This cooperation is a condition that maintains the stability of coffee prices, thus, there is no longer a price game by the wholesaler who can put the farmers in disadvantage situation.

The existence of this cooperation creates a relationship of trust and commitment between the two parties, thus, the marketing process will run properly. According to Mukhsin (2017) , trust is the foundation of a business. Trust must be established from the beginning because it is an important factor to create customer

Table 1. Marketing Margin of Arabica Coffee in Ngada Regency

Marketing Institution	Marketing Channel I (IDR/Kg)	Marketing Channel II (IDR/Kg)	Marketing Channel III (IDR/Kg)
FARMER			
Marketing Cost	363	2.198,1	915
Selling Price	5.000	12.500	28.000
Profit	4.637	10.301,9	27.085
Margin	-	-	-
PRODUCT PROCESSING UNIT			
Purchasing Price	5.000		
Marketing Cost	2.125,1		
Selling Price	12.500		
Profit	5.374,9		
Margin	7.500		
COLLECTED TRADERS			
Purchasing Price			28.000
Marketing Cost			940
Selling Price			30.000
Profit			1.060
Margin			2.000
Retailer			
Purchasing Price			30.000
Marketing Cost			875
Selling Price			35.000
Profit			4.125
Margin			5.000
Margin Total	7.500	0	7.000

Source: Primary Data Processed, 2017

commitment. Commitment is a desire to maintain a relationship. Commitment as an important variable in determining the success of a relationship. The higher the commitment formed from satisfaction and trust, the higher the quality of the relationship between marketing actors. Both trust and commitment produce a hope that can extend a relationship (Zhou et al., 2015).

Marketing margin

Table 1 shows the difference of the coffee price sold by the farmers. The difference of coffee price is resulted from the different forms of coffee that sold by farmers; some are sold in the form of red coffee, hard skin coffee, and coffee beans. The difference of price of coffee sold by the farmers will affect the price at the next marketing institution level. According to Yuniarti (2017), the difference of selling prices of each marketing institution will also determine the amount of marketing margin. The high level of marketing margin occurs due to the activity process performed by every marketing institution.

The margins on the first channel are very large as a result of coffee processing. Farmers sell the red log coffee to the processing unit to be processed into hard skin coffee.

This condition is in accordance with the research conducted by Sairdama (2013) who explains that a massive marketing margin at the merchant level is caused by coffee processing activities. This difference in the form of coffee that is already sold affects the established price.

The second channel is the shortest channel. The total marketing margin on the second channel is zero. This condition reveals the absence of price range or total margin value because the farmers are directly selling the Hs coffee to PT. Indocom.

The third marketing channel is the longest channel because this channel has two intermediary institutions namely district collector merchants and retailers. But the established margin in this channel is lower than the first channel. This condition is not parallel with the opinion expressed by Widati (2011) who mentions that the more involvement conducted by the marketing institution, the greater the marketing margin formed/established.

Marketing margin established in marketing channel I is higher than marketing channel III. This condition is caused by the marketing channel I occurs coffee processing process that affects the price formed. In the marketing channel I, the farmer sells in the form of red coffee to the processing unit, then the processing unit proceeds to the processing into the form of horn leather coffee. In the marketing channel III, the form of the coffee sold is the same coffee beans from the farmers to end consumers or without processing

Table 2. The t-test results of factors that influence the marketing margin

Variable	Regression Coefficient	t significant
Constanta	9415.758	0.0000
Marketing volume (VPi)	-2.6200***	0.0000
Marketing Cost (Ci)	-3.3860***	0.0000
Marketing Distance (Jk)	39.5230ns	0.3775
Dummy: coffee processing (Di)	-268.2513ns	0.5764
R^2		0.9302
Adjusted R^2		0.9250
Prob. F-count		0.0000

Source: Primary Data Processed, 2017

Note:

*** = significant at the trust/confidence level of 99% (α= 0.01%)

** = significant at the trust/confidence level of 95% (α= 0.05%)

ns = non-significant

Factors that influence marketing margin of Arabica coffee

According to Table 2, the formulation of multiple regression analysis of marketing margin of Arabica coffee in Ngada Regency is as follows:

$$Mi = 9145.758 - 2.620027(Vpi) - 3.385989(Ci) + 39.52299(Jk) - 268.2513(Di)$$

Marketing Volume

In table 2, the regression results for Arabica coffee marketing volume shows a significant value of 0.0000. The significant value is less than the 99% confidence level (α = 0.01), it means that the selling volume significantly influence the marketing margin. The value of regression coefficient of selling volume is -2.6200. This result means that the Arabica coffee marketing volume has a negative effect on the marketing margin. Therefore, it can be explained that if the Arabica coffee selling volume is having 1 Kg increase, then the marketing margin will decrease by IDR 2.620027. This means that the greater the selling volume will results in a smaller value of established marketing margin. These results are consistent with the research conducted by Dina (2015).

Marketing Cost

Marketing cost as the independent variable on t-test result that is presented in table 2 shows 0.0000 significant value. This significant value is less than the 99% confidence level; it means that the marketing cost significantly influences the marketing margin. The value of regression coefficient of Arabica coffee marketing cost is -3.3860;

this value generates negative influence to the marketing margin. Based on the value of regression coefficient of marketing cost; the increase value of marketing cost of explained Arabica coffee can be explained, which experience IDR 1 increase, thus, the marketing margin will decrease by IDR 3.3860. Negative relationship between the marketing margin and the marketing cost is caused by the similarity of price received by farmers. This result means that the amount of marketing costs spent by farmers will have no influence towards the change of coffee price. In addition, the participation of farmers who are members of the product processing unit will help to minimize the costs.

Marketing Distance

The marketing distance in the result of t-test analysis that is presented in Table 2 shows 39.5230 regression coefficient value. This value has a positive influence towards the marketing margin, but the marketing distance shows 0.3775 significant value. The significant value of marketing distance is higher than 99% and 95% of the confidence level value, which means that the marketing distance does not significantly influence the marketing margin. These results are in line with Sega's (2012) study which explains that the marketing distances have no significant effect on the marketing margins. The similar result is proposed by Mustadjab et al (2008) who mentioned that the marketing distance has no significant influence on the change of marketing margin.

Coffee Processing (Dummy Variable)

Dummy variables of coffee form in the results of t-test analysis presented in table 2 shows -268.2513 value of regression coefficient. This value negatively influences the marketing margin. According to the result of regression analysis; the significant value for dummy variable is 0.5764. The significant value of the dummy variable is bigger than 99% and 95% confidence levels, which means that the dummy variable has no significant influence on the marketing margin.

Farmer's share

Farmer's share is the percentage of the price received by the farmers at the price spent by the consumers in each marketing

Table 3. The analysis of farmer's share on the marketing of Arabica coffee in Ngada Regency

Marketing Channel	Price at Farmers level (IDR/Kg)	Price at Consumers Level (IDR/Kg)	Farmer's share (%)
I	5000	12500	40
II	12500	12500	100
III	28000	35000	80

Source: Primary Data Processed, 2017

channel. The price of coffee in each channel is varies because of the different forms of coffee in the selling process. The results of farmer's share analysis on the marketing of Arabica coffee in Ngada Regency are presented in Table 3.

The highest farmer's share is in the second marketing channel (100%). This condition occurs because in the second channel there is no intermediary institution that distributes the Arabica coffee, thus, the marketing chain is getting shorter. The short chain of coffee marketing process occurs because coffee farmers in Ngada Regency are the members of the Product Processing Unit. This result is in accordance with the research conducted by Sujiwo (2009)who suggests that the steps performed by coffee farmers in Singorojo District of Kendal Regency to cut the marketing chain is by combining the farmer groups and establish a marketing business agency called the Joint Farmer Group (Gapoktan).

Aside from that, in the second marketing channel; the farmers have performed their own processing of Arabica coffee. Farmers' knowledge regarding the coffee processing which in accordance with the standard operating procedure (SOP) gets a better result. The added value generated by the farmers will provide the farmers a higher share. The higher level of farmer knowledge regarding Arabica coffee processing will have an impact towards the increase rate of farmers' income.

The importance of coffee commodity is not only as nation foreign exchange but also its role as the source of income for the coffee farmers which approximately half a million people in Indonesia. The success of coffee agribusiness requires the support of all parties involved in the process of production, processing and marketing of coffee commodity (Rahmania, 2017). Once again, marketing becomes an important factor in increasing farmers' income; therefore, efficient selection of marketing channels is required. It is also explained by Desiana (2017) that the marketing channel is a part of the whole process that delivers value to customers.

According to (Lestari et al., 2017), marketing efficiency is an effort to increase the flow of goods from producers to consumers and the ability to see the difference in prices received by farmers and paid by the end consumers. Profit margins received by farmers are determined based on marketing channels, where the length of marketing channels make the involvement of marketing institutions is more frequent, thus, the that marketing institutions are more enjoying the profit margins of farmers with exporters.

Based on the result of this research, marketing channel II is the most efficient channel because it has the lowest margin of Rp 0 and the highest farmer's share value of 100%. This means that the lower the marketing margin and the higher the value of farmer's share, it can be said that the marketing is efficient. Selection of the right marketing channel by arabica coffee farmers impact on the part received by large farmers.

CONCLUSION

There are three marketing channels regarding the pattern of marketing channel of Arabica coffee in Ngada Regency. Channel I: Farmers-Product Processing Unit-PT. Indocom [coffee sold by the farmers in the form of red log coffee to the product processing unit, and then the product processing unit conduct manufacturing process to produce coffee in hard skin/ parchment form], channel II: Farmers-PT. Indocom [coffee sold by farmers in the form of hard skin/parchment coffee] and channel III: Farmers-Collected Traders-Retailers-Consumers [coffee sold in the form of coffee bean]. According to this research, it can be seen that a lot of farmer respondents sell the coffee through the second channel with 42.37% percentage.

The marketing margin is significantly influenced by marketing volume and marketing cost, while the marketing distance and the dummy of coffee processing has no significant influences towards the marketing margin. The marketing channel that conceives high value of farmer's share is the marketing channel II and it's the most efficient channel.

SUGGESTION

The farmers of Arabica coffee are suggested to select the marketing channel of Arabica coffee properly, therefore, it provides the bigger portion received by the farmers.

The farmers of Arabica coffee who have not included as the member of product processing unit are expected to become a member. This condition aims to minimize the cost spent in the process of Arabica coffee marketing and for the farmers to be strong in determining the price of Arabica coffee.

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