

# FACTORS AFFECTING THE SELLING PRICE OF BEEF IN TRADITIONAL MARKETS IN MERAUKE REGENCY

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## ABSTRACT

This research is a field survey research on traditional traders at Wamanggu Market and Evening Market in Merauke Regency. And treated as a population, while the sample is selected randomly or by chance. This research is to analyze how the influence of beef production, the number of imported cattle, demand for beef and the price of beef in the previous month on the price of beef in the Merauke Regency Traditional Market. Research data was collected in the form of questionnaires and questionnaires. The research was carried out from June 2021 to December 2021. The results showed that the factors that affect the price of beef in Merauke Regency are the number of imported cattle, the demand for beef and the price of beef in the previous month. has a real positive effect on the price of beef in Merauke Regency. Beef production has a negative and not significant effect on beef prices in Merauke Regency.

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## 1. INTRODUCTION

One of the leading agricultural sectors in Indonesia is the livestock sector. Agricultural commodities that are a mainstay in Indonesia are livestock products, especially cattle. Merauke Regency is one of the areas that has good potential for the development of cattle breeding. Business management for beef cattle farming is increasingly showing good results, both those carried out traditionally and intensively managed such as the fattening business. According to data from the 2019 Animal Husbandry and Animal Health Service, that for 2018 the number of beef cattle slaughtered at the Merauke Animal Slaughterhouse was 34,521. From these data it is stated that the most slaughter of cattle occurred in May with a total slaughter of 587 head of cattle, this coincided with entering the Eid al-Fitr month, while the smallest slaughter of cattle was in August with a total slaughter of 315 head.

According to Swastha, (1997) The selling price is one of the determinants of the amount of profit to be received while the price is the amount of money given to obtain a number of materials and their services. so that the price is the amount of money to obtain a product by way of exchange. According to Gilarso (2003) the law of demand states that "the lower the price level, the more the quantity of goods available is demanded, and conversely the higher the price level the less the quantity of goods that are willing to be requested". Based on observations made in the field, the problem is that people always buy cattle by looking at the body posture of the cow, even though it is not certain that a very large cow can produce a lot of meat, while smaller cattle with different types have more meat. denser than the cheaper ones. However, people prefer cows that have a larger stature at a higher price. Rudi Nur Alam S (2012) in his research stated that the factors that influence the selling price of cattle in West Sulawesi are seen from the body

dimensions of the cows such as head size, height, chest length, chest circumference and shoulder height.

With the above phenomena and when associated with the current situation of retailers, competition for market share is increasingly difficult, this is supported by a change in orientation which was originally focused on the concept of serving consumers, now developing into the concept of competition. The wider the competition, the retailers must be keen to anticipate market conditions. In conducting segmentation, retailers are no longer classified into education, age, social class, and gender but distinguished in terms of respect, level of openness, attitude, and ethical pleasure to sell products. An understanding of why and how to make the right sales can help merchants create and determine better marketing strategies. Marketing strategy marketing mix or marketing mix introduced by Philip Kotler (1990:98) consists of marketing that can be used or controlled to increase sales in the target market. *Marketing Mix* consists of a combination of 4 variables; price structure, products, distribution channels and promotional activities (Swastha and Sukotjo, 1995:193). Price is an important element in *the marketing mix* because it affects revenue, and positioning must be decided according to the target market, product and service mix and competition. According to Kotler and Amstong (2002: 456) there are a number of factors that influence the determination of the selling price, namely product factors, profit factors (*margins*) and cost factors. Each of these factors determines the selling price set by the retailer, and this is what distinguishes the selling price between one retailer and another. The phenomenon of these several factors influences the seller in setting the selling price of barramundi causing different selling prices. Based on the data and information above, the researcher is interested in conducting research on "factors that influence the selling price of beef in traditional markets in Merauke district".

## 2. METHODS

This research is a *survey* on traditional traders at the Wamanggu market and afternoon market in Merauke Regency and is treated as a population, while the sample is chosen randomly or by chance (*accidental or haphazard sampling*). Research data was collected in the form of questionnaires and questionnaires which were carried out from June 2021 to December 2021. To obtain objective and measurable research results, it is necessary to have a measurement scale so that the data is more measurable and can be accepted by all groups, in this study the measurement scale the data used is an interval scale. The type of research used in this research is descriptive quantitative, that is, data obtained from a sample of the study population is analyzed according to the statistical method to be used.

The data processing technique in this study used an ordinal measurement scale using a dummy variable, where the dummy variable was the variable used to quantify qualitative variables, in this study the variable that used regression analysis with the dummy variable was the type of beef ( $X_1$ ). The dummy variable is a variable that is suspected of having an influence on the continuous variable. The dummy variable only has 2 values, namely value 1 and value 0, and is given the symbol D. The data obtained will be processed using multiple linear regression analysis to determine the effect of sex, weight/weight, and distance on the selling price of beef in the study area

## 3. RESULTS AND DISCUSSION

Factors that are thought to influence the selling price of beef in the Traditional Market of Merauke district consist of beef production ( $X_1$ ), the number of imported cattle ( $X_2$ ), demand for beef ( $X_3$ ), and the previous month's price of beef ( $Y_{t-1}$ ). These independent variables will be seen how much influence they have on the price of beef in the Merauke Regency Traditional Market as the dependent variable.

Table 3. Regression Analysis of the Factors Influencing the Selling Price of Beef in Traditional Markets in Merauke Regency

Penduga	Koefisien Regresi	SignifikanT	SignifikanF
Constant	3.599,103	0,255	
X1 = Beef Production	-0,001	0,488	
X2 = Number of Cattle Imports	0,002	0,006	
X3 = Beef Request	0,015	0,099	
$Y_{t-1}$ = Beef Prices in the Previous Month	0,894	0,000	
$R^2 = 0.864$			0.000

**Source:** *Obtained from the results of regression analysis*

Based on the similarities in the data analysis method used as independent variables, it consists of beef production ( $X_1$ ), the amount of imported beef ( $X_2$ ), demand for beef ( $X_3$ ), and the price of beef in the previous month ( $Y_{t-1}$ ). The independent (independent) variables will be seen how much influence they have on the price of beef in Merauke Regency as the dependent (bound) variable. then the following equation is obtained:

$$Y = 3599.103 - 0.001 X_1 + 0.002 X_2 + 0.015 X_3 + 0.894Y_{t-1} + e$$

From the equation, a constant value of 3599.103 can be obtained, this value indicates that the price of beef in the Merauke District Traditional Market of Rp. 3,599.103 / kg if not influenced by beef production ( $X_1$ ), the number of imported beef ( $X_2$ ), demand for beef ( $X_3$ ), and the price of beef in the previous month ( $Y_{t-1}$ ). Based on this equation, it can be interpreted that the effect of beef production, the number of imported cattle, demand for beef and the price of beef in the previous month on the price of beef in Merauke Regency is as follows:

1. Beef Production ( $X_1$ )

Based on the research results, beef production has a regression coefficient of -0.001, meaning that this value indicates that when beef production increases by 1,000 kg per month, the price of beef in Merauke will decrease by Rp. 1 per kg per month, other factors being held constant. In economic theory, production has a negative effect on prices. When beef production increases, beef prices will decrease. This means that the amount of beef availability in Merauke is able to meet the demands of the community. Conversely, when beef production decreases, beef prices will increase.

2. Number of Cattle Imports ( $X_2$ )

For the number of imported cattle, the regression coefficient is 0.002, meaning that this value indicates that when imported cattle increases by 1,000 kg, the price of beef in Merauke Regency will increase by Rp. 2 per kg per month, with other factors held constant. In economic theory, imports have a negative effect on prices. By importing cattle, it means that the number of beef cattle is available and this affects the availability of beef in Merauke Regency. When the number of imported cattle increases, the price of beef will decrease. Conversely, when the number of imported cattle decreases, the price of beef will increase. The cattle import policy has also increased the price of domestic beef. However, the availability of imported cattle has not been able to control the increase in beef prices.

This is due to restrictions on import quotas. The quota limitation is expected to protect domestic smallholder farms from imported cattle with better quality breeds. Beef prices continued to increase after the government imposed a reduction in import quotas.

3. Beef Demand ( $X_3$ )

On the demand for beef, the regression coefficient is 0.015, meaning that this value indicates that when the demand for beef increases by 1,000 kg, the price of beef will increase by Rp. 15 per kg where other factors are held constant. In economic theory, demand has a positive influence on prices. When the demand for beef increases, the price of beef will also increase. Conversely, when the demand for beef decreases, the price of beef will also decrease. In general, the demand for beef increases on religious holidays, such as before the fasting month and Hari Raya.

4. Beef Price in the Previous Month ( $Y_{t-1}$ )

In the previous month's beef price, the regression coefficient was 0.894, meaning that this value was when the beef price in the previous month increased by Rp. 1,000 per kg, the price of beef in Merauke Regency will also increase by Rp. 894 per kg, where other factors are held constant.

**Determination Coefficient Test**

The R-square value ( $R^2$ ) was obtained at 0.864. This shows that the independent variables (beef production, imported cattle, demand for beef and beef prices in the previous month) are able to explain the dependent variable (beef prices in Merauke Regency) by 86.4 percent, while 13.6 percent are influenced by factors outside of the equation model.

**F test (Simultaneous Test)**

The significant value of F is 0.000, which is smaller than a of 0.1 (10%). Thus  $H_0$  is rejected and  $H_1$  is accepted. This shows that the independent variables (beef production, imported beef, beef demand and previous month beef prices) simultaneously have a significant effect on beef prices in Merauke

**Test t (Partial Test)**

1. Beef

Production Beef production ( $X_1$ ) was obtained at 0.488, which is greater than a at 0.1 (10%). Thus  $H_0$  is accepted and  $H_1$  is rejected. This shows that the effect of beef production on beef prices in Merauke is not significant.

2. Total Cattle Imports

Total imported cattle ( $X_2$ ) was obtained at 0.006 which is smaller than a at 0.1 (10%). Thus  $H_{1is}$  accepted and  $H_{0is}$  rejected. This shows that the influence of the number of imported cattle on the price of beef in Merauke is real. Cattle imports affect the beef cattle population. This means that the increasing import of cattle will affect the availability of beef.

3. Demand for Beef

Demand for beef ( $X_3$ ) is 0.099, which is smaller than a of 0.1 (10%). Thus  $H_{1is}$  accepted and  $H_{0is}$  rejected. This shows that the effect of beef demand on beef prices in Merauke is real.

4. The Previous Month's Beef Price

Based on the results of the previous month's beef price study ( $Y_{t-1}$ ) was 0.000, which is greater than a 0.1 (10%). Thus  $H_0$  is rejected and  $H_1$  is accepted. This shows that the effect of beef prices in the previous month on beef prices in Merauke is real.

**discussion**

Availability of beef is influenced by the number of livestock population. Where 70 percent of beef needs are carried out by people's farms. Beef cattle farming is still done traditionally with limited use of capital and land. Likewise with the use of breeding cattle whose quality and quantity are still not good. Simultaneously beef production affects the price of beef in Merauke. The higher the beef production (goods offered), the lower the price of beef in Merauke.

Vice versa if beef production decreases, the price of beef in Merauke Regency will also increase. The need for beef is also fulfilled by importing feeder cattle. Cattle imports are carried out to

increase the beef cattle population. However, the availability of imported cattle has not been able to control the increase in beef prices. This is due to restrictions on import quotas. The quota limitation is expected to protect domestic smallholder farms from imported cattle with better quality breeds. Beef prices continued to increase after the government imposed a reduction in import quotas. According to the Ministry of Trade (2008) in Ilham (2009), the high rate of demand for beef from the rate of supply of domestic beef causes the price of domestic beef to continue to increase, so that the supply of imports also continues to increase. Where the cheaper import prices actually adjust to domestic prices which tend to rise.

The demand for beef continues to increase every year. This is influenced by the increase in population, standard of living and awareness of the nutritional needs of animal protein. Demand for beef generally increases during religious holidays such as the fasting month and Eid al-Fitr. Where the quantity demanded is greater than supplied. This affects the increase in beef prices. Based on culture and taste, the position of beef cannot be replaced with other meats. According to Ilham (2009), the availability of beef is always needed both in high, medium and low income communities. This behavior causes the price of beef to continue to increase.

## 5. CONCLUSION

Based on research on the factors that influence the selling price of beef in the traditional markets of Merauke Regency, it can be concluded that simultaneously beef production, the number of imported cattle, demand for beef and the price of beef in the previous month have a significant effect on the price of beef in Merauke Regency. Meanwhile, individually the number of cattle imports, the demand for beef, and the price of beef in the previous month had a significant positive effect on the price of beef in Merauke Regency. Beef production has a negative and no significant effect on the price of beef in Merauke Regency. It is hoped that the government will reduce the import quota gradually so that domestic beef prices can be controlled. Then the government should disclose information regarding the mechanism for determining importers and distributing import quotas through an open auction. It is hoped that there will be facilities such as an information center. The goal is for breeders to know the development of livestock prices and beef prices that are accurate and easy to access, so that if there is a price increase, breeders and traders can enjoy it fairly. It is hoped that future researchers will add time to research observations regarding the factors that influence the selling price of beef in the traditional markets of Merauke Regency.

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