

STATUS OF MARKETING ACTIVITIES ON SELECTED SMALL AND MEDIUM FRUIT PROCESSING ENTERPRISES (SMFPEs) PRODUCTS: A CASE STUDY OF EAST JAVA, INDONESIA

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Abstract

Indonesia is an agricultural country with significant contribution by agriculture in national GDP. The fruit processing industries have a special role to play in the national economy. Understanding problems of Small and Medium Fruit Processing Enterprises (SMFPEs) would support its development. With this aim in mind, a study was conducted in five districts in East Java province (Banyuwangi, Jember, Lumajang, Probolinggo and Malang) of Indonesia to assess the development of SMFPEs. The objective of this study was to investigate real problems faced by SMFPEs especially in marketing aspect. Through this study it was found that SMFPEs have to deal with problems relating to the quality and price competition, limitation of market, marketing skills, distribution, transportation and damage products. The details of study are explained in this paper.

Keywords: marketing, fruit processing, small and medium enterprises, Indonesia.

Introduction

Indonesia is an agricultural resources-based country with a total land area of 59.8 million hectares. About 308,000 ha of total land is used to produce major fruits. East Java is one of the provinces, which supplies a major amount of fruits in the Indonesian market. The largest share of production comes from the cultivation of mango (522 thousand tons), papaya (152 thousand tons) and pineapple (94 thousand tons). The other fruits supplied are oranges (74 thousand tons), banana (636 thousand tons) and rambutan (45.9 thousand tons) (Anon, 2001).

Agroindustrial sector as a sub-system of agribusiness, has unique advantages of utilizing agricultural raw material in processing. Some problems associated with the food industry found in other countries are the shortage of raw material, quality, lack of continuous supply of seasonal raw material, inadequately trained labor force, costly imported packing material, and infrastructure and technological deficiencies (Hicks, 1991).

As agro-processed products are becoming very competitive in the world market, it is important to understand the problems faced by SMFPEs. The perception of problems by SMFPEs' owners or operators could influence their activities. For policy makers,

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