

# OPTIMIZING THE PRICE AND DISTRIBUTION OF RED PEPPER TO IMPROVE THE WELFARE OF FARMERS

Ida Ayu Candrika Dewi<sup>1)</sup>

<sup>1)</sup> Faculty of Agriculture and Business, Dwijendra University  
e-mail: candrikadewi90@gmail.com

## ABSTRACT

*Optimization of red pepper prices is an important step to improve the welfare of farmers. This can be achieved with a strategy that includes price stabilization. Increasing the bargaining power of chili sales distribution, especially red pepper, involves the flow from farmers to the final consumer. This process consists of various distribution channels that affect the price, efficiency and well-being of farmers. Efficient distribution of red pepper is the key to improving the welfare of farmers. The right strategy can ensure farmers get a decent price, by minimizing unfair practices on middlemen and expanding market access. The results of price optimization seen from fluctuations in red pepper prices farmers are often stuck selling chili at low prices when the harvest is abundant, while consumers face high prices when production decreases. A price stabilization policy is needed through price buffer mechanisms such as the formation of reserve stocks by the government or cooperatives. The influence of unstable prices affects the decision of farmers to plant peppers in the next season. Farmers tend to switch to other commodities if chili prices are often low. Product distribution such as transportation costs and post-harvest losses are high, especially for areas far from production centers. A Marketplace or farm app helps farmers sell chili peppers directly to consumers or retail. The distribution chain becomes shorter, so farmers receive better prices. Price stability increases farmers' income by optimizing prices through price buffer policies or agricultural contracts to reduce the impact of fluctuations in red pepper prices. This provides certainty of income for farmers, thereby improving their welfare. Cutting the number of intermediaries in the distribution of red pepper through cooperatives, marketplaces, or direct partnerships with modern markets has proven to provide higher selling prices to farmers. It also improves marketing efficiency and lowers logistics costs. The provision of efficient transportation cold storage facilities, and good road infrastructure help reduce losses during distribution.*

**Keywords:** price optimization, distribution, red pepper, farmer welfare

## 1. INTRODUCTION

Indonesia is a country that will Natural Resources and has a significant agricultural sector. Agriculture in Indonesia includes various commodities such as rice, coffee, palm oil and spices. This sector contributes greatly to the national economy and provides many jobs. Indonesia is one of the largest chili producers in the world, because chili is an important commodity in Indonesian cuisine. Chili prices in Indonesia tend to fluctuate due to various factors that affect the stake and demand. The cause of the rise in chili prices is high rainfall that causes a decrease in production, distribution disorders due to flooding or damage to transportation infrastructure that inhibits distribution, in addition, sometimes an increase in demand ahead of a certain moment. The government's efforts to overcome these price fluctuations by stabilizing supply, developing agricultural technology, diversifying the market and monitoring distribution as a whole.

Farm management is the process of organizing and managing agricultural activities to achieve goals. The main aspects can be seen from the Planning, Organization, control and supervision system (Dewi,2024). Price optimization is the process of determining and regulating the price of a product or service to achieve certain goals with profit maximization without significantly reducing the purchasing power of consumers. In reducing price fluctuations so that the market is more stable and farmers ' income can be predicted. Increasing competitiveness by determining competitive prices so that products can compete in local and global markets. Price optimization measures by analyzing the cost of production determine the base price by calculating all costs incurred. Adjustment to market demand by understanding the pattern of demand for chili increases in a particular season. The benefits of price optimization for producers so that income can be more stable, welfare increases and motivation to increase production. Optimization of red pepper prices is an important step to improve the welfare of farmers. This can be achieved with a strategy that includes price stabilization.increasing the bargaining power of chili sales distribution, especially red pepper, involves the flow from farmers to the final consumer. This process consists of various distribution channels that affect the price, efficiency and well-being of farmers. Efficient distribution of red pepper is the key to improving the welfare of farmers. The right strategy can ensure farmers get a decent price, by minimizing

## 2. RESEARCH METODOLOGY

The research method used in the title price optimization and distribution of red pepper to improve the welfare of farmers by reviewing the literature or references from trusted sources which include the results of national journals and international journals

## 3. RELATED RESEARCH/LITERATUR REVIEW

The importance of farming technology including the socialization process at the farm level and infrastructure development such as irrigation and extension institutions, to increase the production and welfare of red pepper farmers (Novitasari, 2017)



Figure 1. Capsicum annum L  
Source: Badung Market

The study found that large marketing margins caused the price of red pepper received by producers to be smaller and indicated an inefficient marketing system. Large fluctuations in the price of chili that farmers often face result in the difficulty of farmers to develop (Reza, 2022)

One alternative to develop the distribution of chili sales is the development of cooperation between farmers and the processing industry. The role and benefits of red pepper to the marketing of its processed products, related to efforts to

accelerate the development of the processing and agribusiness industry to improve the welfare of red pepper farmers (Elizabeth, 2019)

In increasing sales to consumers , price optimization involves various strategies to ensure farmers or sellers obtain maximum prices while still meeting consumer needs efficiently. Optimization of red pepper sales to consumers requires integrated strategies, such as cutting out intermediaries, using digital technology, product diversification and creative marketing (Dewi, 2022)

#### **4. RESULTS AND DISCUSSION**

The results of price optimization seen from fluctuations in red pepper prices farmers are often trapped in selling peppers at low prices when the harvest is abundant, while consumers face high prices when production decreases. Price stabilization policies are needed through price buffer mechanisms such as the formation of reserve stocks by governments or cooperatives. The influence of unstable prices affects the decision of farmers to plant peppers in the next season. Farmers tend to switch to other commodities if chili prices are often low. Product distribution such as transportation costs and post-harvest losses are high, especially for areas far from production centers. A Marketplace or farm app helps farmers sell chili peppers directly to consumers or retail. The distribution chain becomes shorter, so farmers receive better prices. Indonesian Red Pepper has great opportunities in the international market if distribution and quality are maintained investment in export logistics systems and quality certification is a priority.

#### **5. CONCLUSION**

Price stability increases farmers ' income by optimizing prices through price buffer policies or agricultural contracts to reduce the impact of fluctuations in red pepper prices. This provides certainty of income for farmers,thereby improving their welfare. Cutting the number of intermediaries in the distribution of red pepper through cooperatives, marketplaces, or direct partnerships with modern markets has proven to provide higher selling prices to farmers. It also improves marketing efficiency and lowers logistics costs. The provision of efficient transportation cold storage facilities, and good road infrastructure help reduce losses during distribution. This increases the selling value of red pepper and encourages farmers to produce high-quality products. The combination of price optimization, distribution efficiency, and infrastructure support has a direct impact on increasing farmers ' income, reducing post-harvest losses and economic stability of red pepper farmers. The government needs to support price stabilisation and the development of logistics infrastructure. Education to farmers related to distribution management and marketing technology is very important to ensure the sustainability and competitiveness of red pepper commodities.

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