



Development of geographical indication based Sipirok coffee marketing strategy to improve farmers' welfare

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ABSTRACT

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Sipirok is a small town known for its natural resources in the form of high-quality Sipirok Coffee. However, the local economy has not reached its potential. One of the influencing factors is the community's lack of understanding of Geographical Indication-based marketing strategies. Geographical Indications can increase the value and competitiveness of local products, as well as provide economic benefits to producers and surrounding communities. This research aims to provide a better understanding of the impact of Geographical Indications on the economy of the Sipirok community. This research is expected to provide a basis for local governments and stakeholders to consider granting Geographical Indication status to local products, such as Sipirok coffee, as an effort to improve the welfare of local communities. This research uses the descriptive qualitative research method which aims to collect, analyze, and interpret data in the form of words, actions, or symbols in the form of narratives, interviews, observations, or documents to produce in-depth knowledge and understanding of the marketing strategy of geographical indication based Sipirok Coffee to improve farmers' welfare. The results showed that Sipirok Coffee farmers have not joined the Geographical Indication Protection Society (MPIG) community. The constraints in the development of Sipirok coffee include the lack of sar

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1. INTRODUCTION

A geographical indication is a sign that indicates the region of origin of a good and or product that due to geographical environmental factors including natural factors human factors or a combination of both factors gives a certain reputation, quality, and characteristics to the goods and or products produced. According to WIPO, geographical indications are marks used on products with a certain geographical origin and a quality or reputation due to the geographical origin itself. Geographical indications have three basic functions, namely providing information about the product name such as the geographical

origin of the product, and the quality, reputation or certain characteristics attributable to a geographical area (Usman, 2021)).

WIPO states that a geographical indication is a mark that can be used on a product to describe a particular geographical origin and has a quality or reputation because of the geographical origin itself. Geographical indications can give a certain reputation, quality, and characteristics to the goods or products produced through geographical environmental factors including natural factors, human factors, and a combination of both factors. Geographical indications can provide legal protection for products and goods produced that can increase their selling value. Geographical indications provide information about the name of the product such as the geographical origin of the product, and the quality, reputation, or certain characteristics attributable to a geographical area.

Sipirok Coffee is one of the products that have the potential to obtain geographical indication status, it is because Sipirok Coffee has distinctive tasting characteristics and high quality. With the status of geographical indication, Sipirok Coffee can be given legal protection and can increase its selling value. However, there are still many coffee farmers in Sipirok who do not fully understand the potential of geographical indications that can increase the value and attractiveness of their coffee in today's global market. The current problem is that Sipirok Coffee farmers as the main stakeholders in production still do not understand how to utilize geographical indications in marketing Sipirok Coffee, small farmers often have difficulty competing with large producers in marketing Sipirok coffee. Therefore, it is necessary to have the right marketing strategy to raise the image and competitiveness of Sipirok coffee in the global market.

As the main stakeholder in the production of coffee agricultural products, Sipirok farmers need to obtain greater economic benefits from the fruits of their labor, as well as the need to improve welfare for Sipirok coffee farmers. Therefore, it is important to develop how a geographical indication-based marketing strategy can help increase the income of silver commission farmers elevate the image of blue commission products and face the challenges of global coffee market competition. Sipirok coffee itself has been recognized for its exceptional quality, largely due to the unique geographical factors that influence the growth of coffee plants in the Sipirok area. However, despite the already great potential of Sipirok coffee farmers in the Sipirok area still face significant economic challenges.

This research focuses on developing a geographical indication based on Sipirok Coffee's marketing strategy to improve farmers' welfare. Sipirok, a small town located in South Tapanuli Regency, North Sumatra Province, is known as one of the best coffee producers in Indonesia. Sipirok Coffee has gained recognition for its exceptional quality, largely due to the unique geographical factors that influence the growth of coffee plants in this area. However, despite the great potential of Sipirok Coffee, farmers in this area still face significant economic challenges.

The most important problem faced by Sipirok coffee farmers in marketing their products is the lack of access to a stable and profitable market. Smallholders like those in Sipirok often struggle to find buyers who are willing to pay a fair price in a highly competitive global coffee market. Sipirok coffee farmers tend to rely on local middlemen who can manipulate and reduce prices to their advantage. This happens because coffee farmers in the Sipirok area still rely on traditional marketing methods in marketing their coffee products. Therefore, Sipirok coffee farmers should understand and be able to utilize the current technology to increase production efficiency and quality and to remain competitive in today's modern technological era. So, by utilizing this technology, it is hoped that the welfare of Sipirok coffee farmers can be improved. It should be noted that the welfare of Sipirok coffee farmers is closely related to the future and sustainability of the coffee industry in the Sipirok area.

2 RESEARCH METHOD

In this study, researchers used qualitative descriptive research. According to Creswell, qualitative research is a research process to understand human or social problems by creating a comprehensive and complex picture presented in words, reporting detailed views obtained from sources of information, and conducting research in a natural setting. The location of this research is precisely in Sampean Village, Sipirok Sub-district, South Tapanuli Regency, North Sumatra Province. The number of samples or respondents in this study was three people. Respondents in the study were Sipirok coffee farmers. An instrument or data collection tool is used to collect data in a study. This research instrument uses empirical normative research with a qualitative descriptive approach. Qualitative research is a case study by interviewing sources as the main object. The research instrument in collecting information is interviewing sources and reviewing books and journals whose contents explain the research discussion. Developing a research instrument is one of the most important steps in scientific research, usually, the preparation of this research instrument is carried out when the researcher has finished determining the design and research methods used to find answers to the phenomena that occur. The instruments in this study are tools needed in collecting data in the form of journals and books related to "Development of Geographical Indication-Based Sipirok Coffee Marketing Strategy to Improve Farmers' Welfare."

3 RESULTS AND DISCUSSIONS

Characteristics of Sipirok Coffee Farmers.

Sipirok coffee farmers have several characteristics that can be found in this study. There are two species of coffee plants developed in Indonesia, namely arabica coffee and robusta coffee. Arabica coffee is a traditional type of coffee that is considered important by Sipirok coffee farmers. Although arabica coffee is considered important by Sipirok coffee farmers, there are several challenges in coffee development in the area. One of the challenges faced is the preservation of coffee plantations in Sampean Village, a large coffee-producing area. In this study, it was found that coffee farmers in Sipirok experience economic problems. Most coffee farmers face major challenges in improving their economic welfare. Despite fertile soil and a climate suitable for coffee growth, coffee farmers in the area still experience difficulties in increasing their income. One of the main obstacles faced by Sipirok coffee farmers is the lack of access to modern technology. Many farmers still rely on traditional methods of farming, without access to modern farming techniques that can improve their coffee production and quality. This results in suboptimal yields and low coffee selling prices, so farmers' incomes remain limited. In addition, the lack of adequate infrastructure also slows down the economic development of coffee farmers in Sipirok. Poor road access makes it difficult to distribute crops to larger markets. This results in increased transport costs and reduced profits for farmers, as a large portion of their income must be spent on distribution costs. Limited access to financing and business capital is also a serious obstacle for coffee farmers in Sipirok. Many farmers are unable to access bank loans at affordable interest rates, limiting them from expanding their land and investing in more modern farming equipment. As a result, their productivity remains low, and the opportunity to increase income remains constrained. The inability to market is also an important factor slowing the economic growth of coffee farmers in Sipirok. Lack of knowledge and access to a wider market keeps coffee farmers trapped in unfavorable marketing patterns. Without the ability to reach larger markets, they continue to rely on local middlemen who often set low selling prices, to the detriment of the farmers as a whole.

Marketing Strategy for Geographical Indication-Based Sipirok Coffee

By joining MPIG, geographical indication based Sipirok Arabica coffee farmers can obtain legal protection, improve product quality, improve marketing, and improve farmers' welfare. This can assist in the development of a geographical indication based Sipirok Arabica coffee marketing strategy to improve farmers' welfare. This can have an impact on the welfare of coffee farmers because Geographical Indication protection can help increase the selling value of coffee and protect the intellectual property rights of coffee farmers. In addition, Sipirok Arabica's coffee marketing strategies also need to be improved to increase coffee sales and farmers' welfare. Some marketing strategies that can be done include: Establishing a Geographical Indication protection community to protect coffee farmers' intellectual property rights, Improving the quality of Sipirok Arabica coffee through processing and selection of good coffee beans, Improving market access by improving coffee marketing facilities and infrastructure, Increase promotion of Sipirok Arabica coffee through coffee contests and national certificates, Improve coffee farmers' skills in coffee processing and the use of modern technology.

By adopting the right marketing strategy, it is expected to increase the sales of Sipirok Arabica coffee and the welfare of farmers in the area. The results showed that the role of local government in developing Sipirok Arabica coffee marketing is still very low. This causes problems owned by coffee farmers to not be resolved, such as minimal access to infrastructure and facilities and technology that is still not modern. The following are field findings found from several studies related to coffee marketing development strategies in Sipirok: Research shows that coffee marketing strategies still need to be improved. Facilities and infrastructure in developing Arabica Sipirok coffee are still very minimal and difficult to access, the role of the government in assisting the community in developing Sipirok Arabica coffee marketing is still low and needs to be improved.

Factors Affecting the Welfare of Sipirok Coffee Farmers

The welfare of coffee farmers in Sipirok, North Sumatra, is influenced by a complex range of factors. First, climate and weather conditions are important factors that affect coffee yields. Irregular rainy seasons or droughts can damage coffee plants and reduce the quality and quantity of production, which in turn will negatively affect farmers' income. Second, access to modern agricultural technologies and information needed to increase coffee production also plays an important role. Ignorance of the latest farming techniques and lack of access to modern equipment such as pesticide sprayers or organic fertilizers can limit farmers' productivity and hamper their earning potential. In addition, inadequate infrastructure is also a serious constraint to the welfare of coffee farmers in Sipirok. Limited access to good roads, regular water supply, and adequate market facilities can make it difficult for farmers to transport their crops to wider markets, limiting the potential income they can earn. Another influential factor is market prices and global market fluctuations. When coffee prices drop in the global market, farmers often feel serious financial pressure, especially if they depend on coffee revenue as their main source of income. Unpredictable market fluctuations can also make long-term financial planning difficult for coffee farmers. Finally, government policies can also affect the welfare of coffee farmers in Sipirok. Policies on subsidies, import-export regulations, and support for sustainable agriculture initiatives can have a significant impact on farmers' economic conditions. The government needs to ensure policies that support local coffee farming to improve the welfare and competitiveness of farmers in the area.

Analysis of Research Results

The research was conducted directly to the location through interviews and observations with one of the coffee farmer groups, namely Aska Coffee, and one of the communities in the Sipirok sub-district, South Tapanuli Regency who became respondents in this study. Based on the results of observations made by researchers and data obtained

from the village profile, the research location (Sampean Village, Sipirok Subdistrict) is a highland area, and quite far from the city center. The general description of the research location that we obtained is in South Tapanuli Regency, North Sumatra Province. It is located in the valley of the Bukit Barisan Mountains, so it has cool air. Its location in the mountain valley also allows the flow of water sources from the mountains to rice fields and plantations. From this geographical location, the community in the Sipirok sub-district has more livelihoods from the agricultural and plantation sectors.

Based on the results of the interviews that have been conducted, the answers from the interviewees regarding the understanding of the geographical indication of Sipirok coffee are obtained. The understanding is as follows: Sipirok coffee planting takes 1.5 years to 2 years to produce fruit. Some farmers have received assistance from the government in the form of subsidized fertilizer and tools to facilitate coffee processing such as coffee mills, but some farmers do not get this assistance. The community still expects the government to be able to increase the price of this Sipirok coffee. Apart from being used as coffee powder, Sipirok coffee can also be used as other products such as cakes and brownies. It already has a geographical indication that was registered on 10 January 2020.

The results of the field findings show that Sipirok Arabica coffee has registered geographical indications, but the coffee farming community in the area does not yet have a Geographical Indication protection community. Joining the MPIG (Geographical Indication Protection Society) should have benefits and importance in the development of a geographical indication based Sipirok Arabica coffee marketing strategy to improve farmers' welfare. Here are some of the benefits and importance of joining MPIG: Legal protection: MPIG provides legal protection to geographical indication based Sipirok Arabica coffee products. This protection is through a geographical indication certificate that can protect the product from copyright and trademark infringement, improving product quality: Joining MPIG can help improve the quality of geographical indication based Sipirok Arabica coffee products. MPIG can provide guidance and training to farmers in coffee production and processing, improve marketing: MPIG can help improve the marketing of geographical indication based Sipirok Arabica coffee products. MPIG can help market products to local and international markets, and assist in product promotion, improving farmers' welfare: Joining MPIG can help improve the welfare of Sipirok Arabica coffee farmers. By improving product quality and marketing, farmers can obtain better prices and increase their income.

From the field findings, it can be concluded that the development of coffee marketing strategies in Sipirok still needs to be improved, especially in terms of access to infrastructure and facilities and technology that is still not modern. The role of the local government also needs to be increased to assist coffee farmers in overcoming these problems. To overcome the risk of declining farmers' income and threats to the sustainability of the coffee industry in Sipirok based on geographical indications, some efforts can be made by providing training to coffee farmers in better farming practices, proper processing, and product quality control. This will improve the quality of the coffee and its competitiveness in the market. Develop a strong marketing strategy to promote Sipirok coffee with geographical indications. This could be through online promotion, participation in trade shows, or co-operation with well-known coffee producers. With a holistic approach involving farmers, government, and other stakeholders, it is expected to reduce risks and increase the sustainability of the coffee industry in Sipirok based on geographical indications.

The Relationship Between Geographical Indication-Based Sipirok Coffee

Marketing Strategy and Farmers' Welfare, Sipirok coffee, which is one of the leading coffee varieties from the South Tapanuli region, North Sumatra, has become a product that is increasingly in demand in local and international markets. Marketing strategies based on geographical indications can provide significant benefits to the welfare of farmers in the area. One of the close links between this marketing strategy and farmers' welfare is the

increase in the global selling value of Sipirok coffee. By using a geographical indication-based marketing strategy, Sipirok Coffee can gain recognition for its unique qualities, which can increase its competitiveness in the global market. This opens up greater opportunities to increase the selling price of coffee, allowing farmers to earn higher incomes from their coffee harvest.

Furthermore, a geographical indication-based marketing strategy can strengthen the brand image of Sipirok coffee as a regional specialty product, which can attract consumers looking for coffee products with certain qualities and characteristics. Thus, the increased demand for Sipirok coffee will indirectly have a positive impact on farmers' welfare, with the creation of a stable and sustainable market. In addition, geographical indication-based marketing strategies, certification programs, and production standards that provide protection for farmers' intellectual property rights related to Sipirok coffee can be developed. This can encourage increased coffee production and quality and incentivize farmers to maintain sustainable agricultural traditions and practices.

By implementing marketing strategies that focus on local values and regional culture, Sipirok Coffee can make a significant contribution to local economic development. This improvement in the local economy will then have a positive impact on farmers' welfare, through the creation of employment opportunities, increased income, and improved access to education and health services in the area. In addition, geographical indication-based marketing strategies can also promote training and mentoring programs for farmers, aiming to improve skills in coffee management and production. By doing so, farmers can adopt more efficient and sustainable farming practices, which in turn will improve the yield and quality of Sipirok coffee. Finally, a geographical indication-based marketing strategy can strengthen cooperation between farmers, local government, and the private sector in the development of infrastructure, market access, and more advanced agricultural technologies. This will help improve production efficiency, reduce production costs, and expand market reach, which will ultimately have a positive impact on the welfare of Sipirok coffee farmers in South Tapanuli, North Sumatra.

3. CONCLUSION

The research indicates that Sipirok Coffee farmers, not yet part of the Geographical Indication Protection Society (MPIG), should join for copyright and trademark protection, enhanced product quality, and improved marketing. Challenges include insufficient facilities, infrastructure, and inadequate local government involvement. Addressing these requires farmer training, quality enhancement, and a robust marketing strategy. To bolster Sipirok Arabica coffee's geographical indication-based marketing, efforts should focus on market access, quality enhancement, and promotion. Collaboration and government support are crucial for sustainable industry development, involving farmer training, marketing strategy, and stakeholder collaboration. Recommendations include establishing an MPIG community, enhancing coffee quality, improving marketing infrastructure, and government engagement in villages for long-term solutions to farmers' issues.

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