SUMMARY

VIRNANDA APRILA HAPSARA. Integration Analysis of Market Raw Material Feed of Corn and Soya Bean Meal Import with Feed Price at PT. Cheil Jedang Superfeed. Under direction of UJANG SUMARWAN and LILIK NOOR YULIATI

Commodity market raw material feed of corn and soybean meal (SBM) in Indonesia depend on international market prices refer to the Chicago Board On Trade (CBOT). It usually depends on the supply of the exporter country, U.S., Brazil and Argentina. Therefore changes in supplier prices will be transmitted to changes in the price of the importer, the commodity market in Indonesia. Studies on integration market raw materials imported with market feed in Indonesia is important to know the relationship between information and marketing efficiency in the market.

The purpose of this study are 1). Analyze the integration of commodity prices of feed raw materials imported corn and soybean meal prices in the CJ, 2). Analyze the effect of the integration of the price of corn and soybean meal imports to the price of broiler and layers feed on CJ and 3). Analyze CJ business position in the animal feed industry Indonesia and provide strategic advice. This research was conducted at PT Cheil Jedang Superfeed located in Serang, Banten. Data collection was conducted on January 20 until February 28, 2013.

Integration between the price of corn and soybean meal in the world market and the price at CJS and domestic feed prices were analyzed using quantitative methods through modeling approaches Vector Auto Regression (VAR) using the software Eviews 6. The type of data in this study is secondary data, which are time series data from January of 2007 until December of 2012. This study is based on quantitative descriptive. There are 3 kinds of methods used in this study. Vector Auto Regressive (VAR) method to analyze the relationship between the price of corn and soybean meal imports with prices in CJ, and the price of broiler and layer feed CJ, Boston Consulting Group (BCG) Matrix method to analyze the CJ positioning in terms of business growth and its relative market share and Strength Weakness Opportunity Threat (TOWS) method to formulate the company's future strategy of CJ.

The results showed that the increase price of corn and soybean meal imports in the international market is not directly correlated to the price of corn and soybean meal in the PT. Cheil Jedang Superfeed (CJ). Based on VAR test, the price of corn and soybean meal imports CJSis less than 1. Causality test results imported soybean meal and soybean meal CJ shows one-way relationship that is rising prices of soybean meal imports followed by soybean meal CJ, but instead soybean meal prices CJ does not affect the price of imported soybean meal. Corn import prices affect CJ corn prices at a certain period, but corn CJ price does not affect imported corn price. World soybean meal market acts as a price maker, while domestic soybean meal market acts as a price taker.

Cointegration analysis result showed that corn and soybean meal price in market commodity has a strong level of integration with broiler and layer CJ feed prices. Corn prices over a period of 1 month significantly affect the price of feed
and in the short term when the price of soybean meal is very fluctuative from month 1-3 significantly affect the price of broiler and layer feed. The changes in the market price of commodities raw material feed imported to the livestock feed market transmitted with the changes price of broiler and layer feed in Indonesia.

Based on the analysis BCG matrix is known that the CJ has market share position in the question (Question Mark). This position shows the company's relatively high growth rate of 14.48%, higher than the growth of Indonesian animal feed market in 2012 is 11.79%. Though the market share of the total overall production in CJ Indonesia in 2012 amounted to 5.29%. This means that the position in low relative market share, but is still able to compete in the fast-growing industry. Considerations that could be used as the basis of scientific decision-making firms such as long-term relationship exists between the price of corn and soybean meal imports on the prices of corn and soybean meal CJ, the price of corn and soybean meal imported into the reason corn CJ movement, so that the two variables should be considered more in corn buying decisions even in the short term does not occur interaction. For other researchers suggested changing the time series data into a longer research in order to obtain maximum results and can also discuss about the analysis of raw material prices and demand animal feed prices.

Managerial implications of this study that there is a close relationship between the company’s position in the animal feed industry with purchasing power at an animal feed industry. Entry of new competitors into the industry prompted the company to lower production costs through reduced use of raw material input which are relatively high prices and hard to get such as corn and soybean meal, the cost changes will have an impact on cost efficiency and output feed prices. Feed prices will determine the competition in the feed industry as well as aspects of quality feed products. CJ strategy undertaken to maintain market share and production growth is by developing certain types of new products and give priority to the acquisition of an existing company than to build new plants. Other managerial implications that can be applied by CJ is not only concerned with price movement of corn imports in determining the selling price of broiler and layer feed, but also pay attention to the purchase price of import soybean meal by observing the movement of soybean meal prices in the international market. Based on the results of the study proved that import soybean meal prices are strongly two-way correlated with the price of broiler and layer feed, with a competitive purchase price CJ able to conduct the product marketing strategies with futures contract system to its customers.

Keywords: Market integration, corn import, soyabean meal import, broiler feed, layer feed