



Impact of COVID-19 on Agriculture (Kiosks Perspective)

A qualitative study regarding Kiosk's behaviour during the COVID-19 pandemic in four PRISMA target provinces

6 May 2020

About The Survey

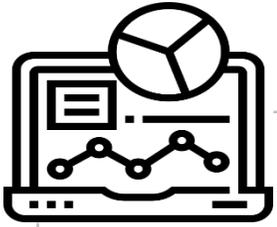
The first COVID-19 case occurred in Indonesia on 2 March, 2020 in Jakarta. By mid March, the Government of Indonesia (GoI) had followed this up with intensive dissemination of information on reducing the spread of the virus.

PRISMA conducted a qualitative phone survey in mid April in 2020 with farmers (crop and livestock) followed by a survey with kiosks at the end of April in 2020.

The phone survey was conducted in four provinces (Central Java, East Java, NTB and NTT). The sample size of 50 kiosks may not be insufficient to represent agriculture kiosks in Indonesia but can be valuable for PRISMA's partners to improve their strategies during the pandemic.

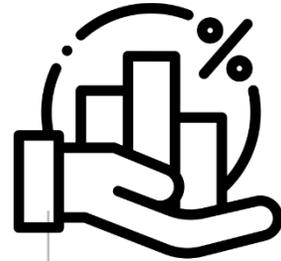


Topics



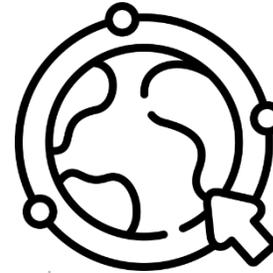
General Information & Operations

Kiosk awareness of COVID-19



Input & Sales

Changes in turnover during COVID-19



Information & Internet

Kiosk internet behaviour during COVID-19



Finance

Kiosk access to financing during the COVID-19 pandemic



General Information & Operations

Kiosk awareness of COVID-19

Kiosk Awareness of COVID-19

98% of kiosks are aware of COVID-19

Major sources of information on COVID-19 are television and social media (mostly Facebook). Some respondents started to use WhatsApp to obtain and share information regarding COVID-19.

54% of respondents have taken preventative measures in their kiosks. Most kiosks provide hand washing facilities out the front before entering. The respondents also wear masks and request farmers to wear them too.

Based on information from kiosks in Sumenep, Syngenta has supported kiosk partners by providing hand washing facilities for the kiosks.



Photo credit: Corteva Agriscience

Changes in Kiosk Operations due to COVID-19

Kiosks main response to COVID-19 is **the changes in operational hours**

- 34% of kiosks have changed their operational hours due to the recommendation from local governments to close early.
- Only 4% have reduced the number of employees in their shops due to a decline in income but most respondents are managing the kiosks with their own family members.

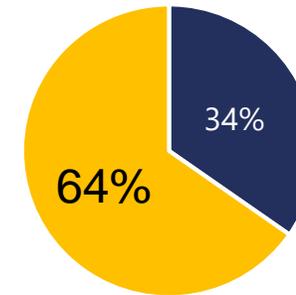
” I open at 9am instead of 8am and close earlier at 6 because the number of buyers has also dropped dramatically.

Manggarai, NTT

” The kiosk closes early. It's usually open until 12 noon but now it's only open until 9 am, due to the lack of buyers because of the Corona pandemic.

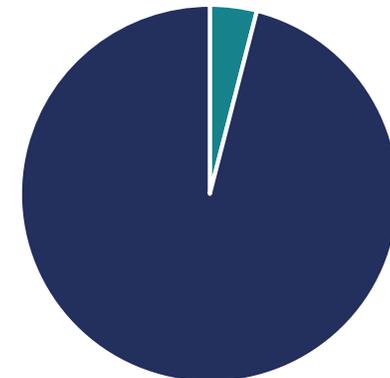
Lamongan, East Java

Changes in Operational Hours



■ Change ■ No Change

Change in Numbers of Workers



■ Change ■ No Change

Changes in Kiosk Turnover due to COVID-19

Major reduction in kiosk turnover

- On average, kiosks' income has decreased by 40% due to two reasons:
 - COVID-19 (limited number of buyers) and
 - farmers are still in the process of harvesting
- Kiosks that sell animal feed have experienced quite a significant loss as the poultry sector has had a dramatic decline due to lower demand from the tourist industry (hotels, restaurants and events).
- Kiosks have started to reduce purchasing agricultural input products, such as: seeds, crop protection, fertiliser, and agricultural tools from suppliers.

” Under normal conditions, I can sell up to 5,000-6,000 DOC (day old chicks) per month. Now, I am only selling 1,000 DOC per month.

Manggarai, NTT

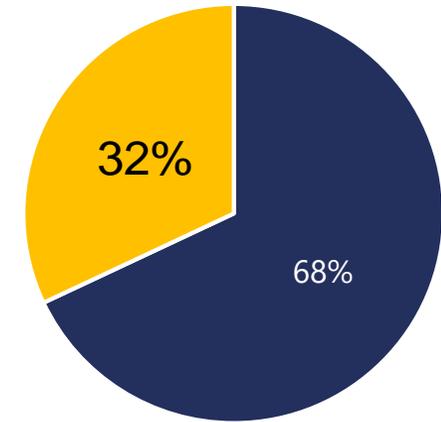
” There's a reduction in Alsintan (spray tools) purchases. Availability from the supplier is also limited.

Sumenep, East Java

” Rice seed purchases have dropped from 1 ton to 0.4 ton.

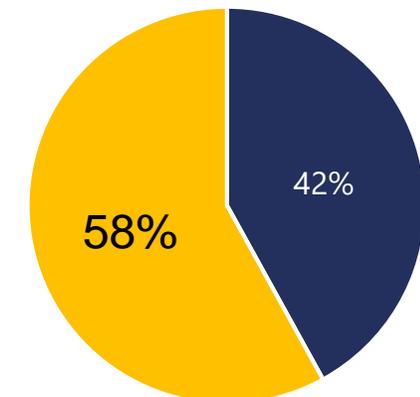
Lamongan, East Java

Change in Income



■ Change ■ No Change

Change in Expense



■ Change ■ No Change

Kiosks Perception of Current Conditions

The uncertainty of the market is the main concern of kiosks

- The majority of kiosks are worried about the current situation with the biggest concern being the decline in kiosk turnover due to farmers' decreased purchasing capacity.
- Based on farmers planting seasons, this upcoming season is Dry Season 1 when kiosk income usually starts to decrease. There will now be extra pressure on kiosk income due to the COVID-19 pandemic.



There are concerns about availability and continuity of products (since the factory has stopped producing), limited delivery services and longer delivery times.

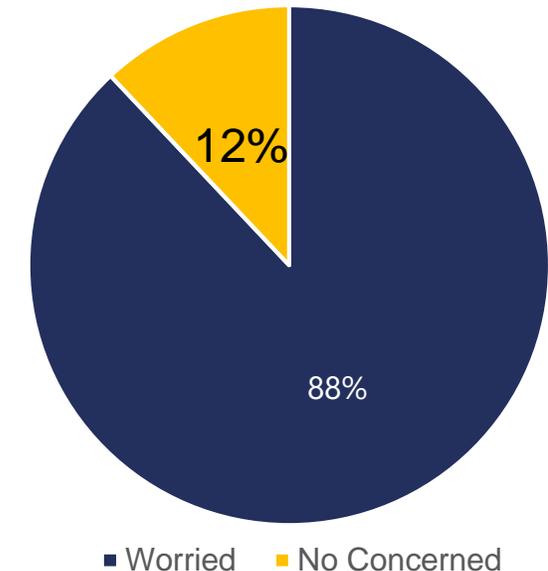
Manggarai, NTT

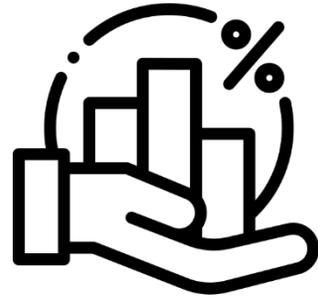


Currently, farmers are focussed on planting tobacco. Kiosk sales usually decrease at this time but I'm afraid that this pandemic will further reduce kiosk sales.

Temanggung, Central Java

Perception of the Current Situation





Input & Sales

Changes in turnover during COVID-19

Problems Purchasing and Selling Products due to COVID-19

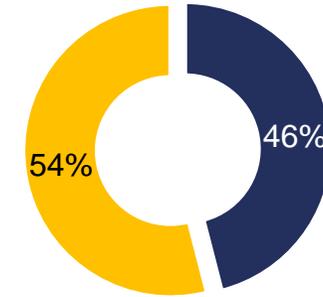
Kiosks have encountered difficulties in purchasing and selling products

- There are a number of issues at the kiosk level, such as: limited subsidised fertiliser, expeditions experiencing delays (especially on inter island transactions), leading to disruptions in product delivery. Some suppliers have also limited order amounts and are no longer visiting kiosks.
- Farmers are no longer able to afford agricultural input products due to price increases. This has been further exacerbated by climate conditions and Ramadhan.

“China and Japan no longer supply SWAN (spray tools) to Indonesia. Products from the last shipment were only available in Jakarta and Madiun.
(Sumenep, EJ)

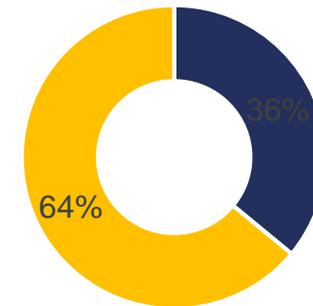
“Agents usually deliver the products to us but they are currently not providing this delivery service.
(Blora, CJ)

Difficulties in Purchasing Product



■ Problems ■ No Problems

Difficulties in Selling Product



■ Problems ■ No Problems

Changes in Purchasing Products due to COVID-19

Changes to prices range between 10% - 30%

- Some suppliers have a pay later scheme, but other suppliers have now changed from credit to cash payments.
- Products that have changed in price include:
 - ✓ pesticide and herbicide products (products that have increased in price: Regent, Starban, Sponcan, Convey, Gramoxon, Drusban, Herbisida DGW)
 - ✓ Spray tools have started to increase in price
 - ✓ Maize seed prices are also starting to increase

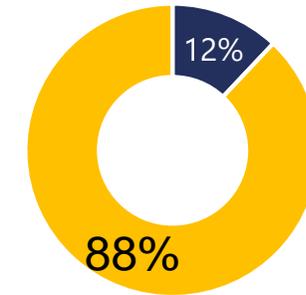
“ Before the COVID-19 pandemic, suppliers allowed us to pay using a credit scheme. Now, they only accept cash payments.

Pati, Central Java

“ Non-subsidised fertiliser, Starban (pesticide) and rice seed prices used to be IDR 158,000, IDR 73,000, IDR 78,000 but now they have gone up to IDR 165,000, IDR 81,000, IDR 85,000 respectively.

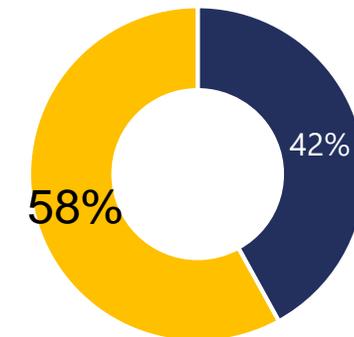
Grobogan, Central Java

Changes in Payments to Suppliers



■ Changes ■ No Changes

Changes in Prices



■ Changes ■ No Changes

Changes in Farmers' Purchasing Behaviour due to COVID-19

Agricultural input sales have reduced by approximately **20% - 40%**

- Sales have mostly declined in pesticide and herbicide products.
- Some kiosks stated that farmers are not frequenting kiosks as they did prior to the COVID-19 pandemic as farmers are restricting their movements. However, some farmers are also still focused on harvesting crops, so have not been to the kiosks yet.

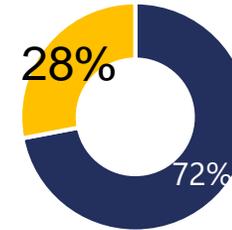
” Pesticide, fertiliser, and seed sales are declining.

Lombok Timur, NTB

” Farmers' enthusiasm is decreasing due to falling commodity prices. They have decided to get rid of pests manually and are using manure.

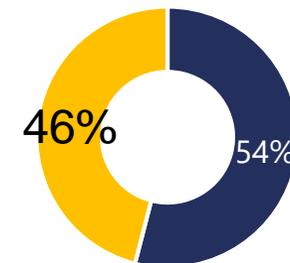
Pati, Central Java

Changes to Amounts Purchased



■ Changes ■ No Changes

Changes to Frequency of Purchases



■ Changes ■ No Changes

Kiosk Response to COVID-19

COVID-19 has driven kiosks to implement new business strategies

- 36% of the respondents stated that they will reduce their seed and chemical product stock.
- 16% of the respondents have started to implement new strategies, such as: providing discounts and rewards to farmers, promoting products through Facebook, and providing delivery services for customers.

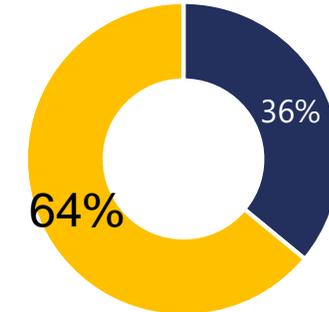
” Customers can order over the phone or through WhatsApp and the kiosk will deliver the order.

Blora, Central Java

” We are developing a product package for customers. So, if customers purchase a certain amount, they will be eligible to win a lucky dip draw with staple foods and agricultural tools as the prizes.

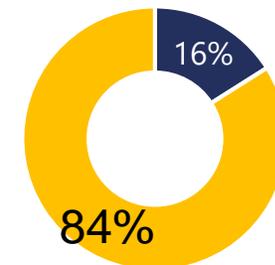
Lamongan, East Java

Plans to Reduce Stock



■ Changes ■ No Changes

Implementing New Strategies



■ Changes ■ No Changes

Changes in Suppliers Behaviour due to COVID-19

Regular visits from the suppliers salespeople have **also been affected** by the COVID-19 pandemic

- There are challenges in purchasing some agriculture inputs due to:
 - No sprayer supplies from China and Japan
 - Several farmers prefer rice seed brands that are not available in the market due to the Large Scale Social Restrictions (PSBB) implemented in West Java and Central Java.
 - Delays in supply from distributors or R1 due to limited access to transportation
- 30% of respondent said that the frequency of salespeople from companies visiting their kiosk has changed. Some of them still manage contact through phone calls or WhatsApp.

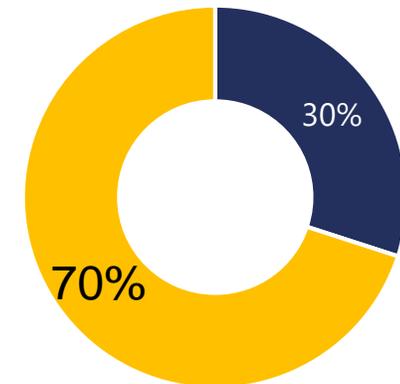
” Sales reps usually visit the kiosk twice a month but it has been a long time since we have had a visit.

Pati, Central Java

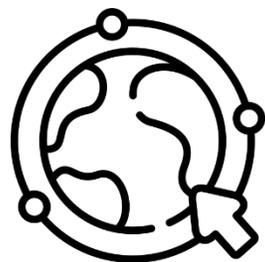
” The salespeople from the maize seed company and PT. Petrokayaku haven't come to the kiosk this month. They usually come once a month. However, the salespeople from Buanasit and Panamas are still coming as usual.

Sumenep, East Java

Communication with Company Salespeople



■ Changes ■ No Changes



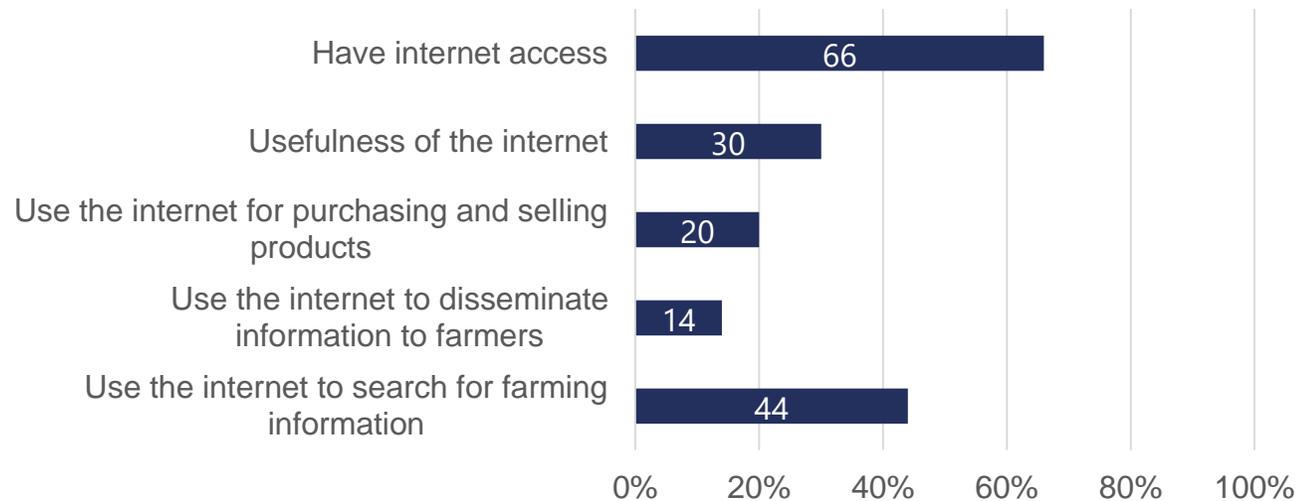
Information & Internet

Kiosk internet behaviour

Kiosk Internet Usage

Most of the kiosks are **actively using the internet**

- Some issues with internet include: bad connections and the high cost of internet.
- Google, Facebook, and YouTube are most commonly used to search for farming information.



”

I use the internet for Facebook or YouTube. Sometimes I also search for information on online media or look for agricultural products.

Blora, Central Java



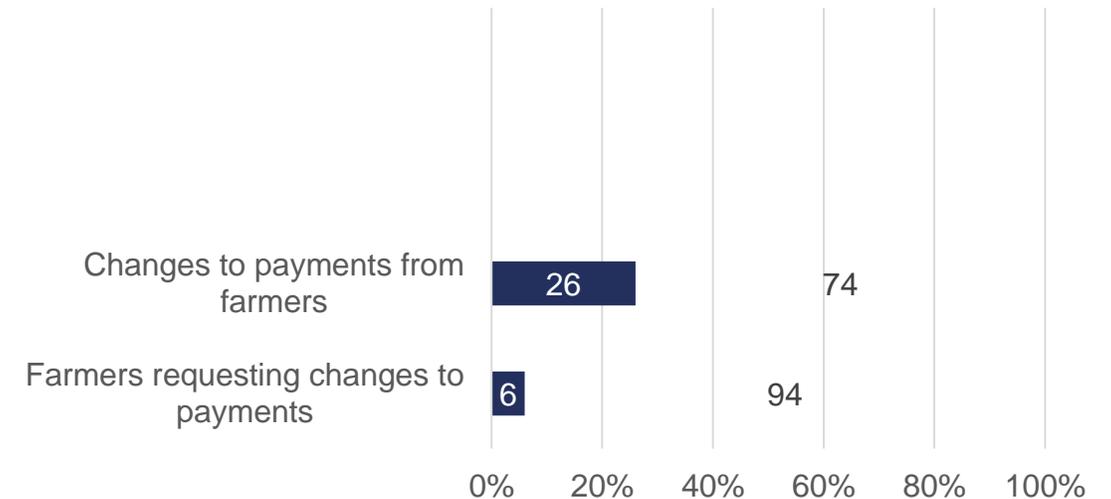
Finance

Kiosk access to financing during COVID-19

Farmers Payment Methods to Kiosks due to COVID-19

In terms of the kiosks, **there are no changes to payment methods** for the farmers

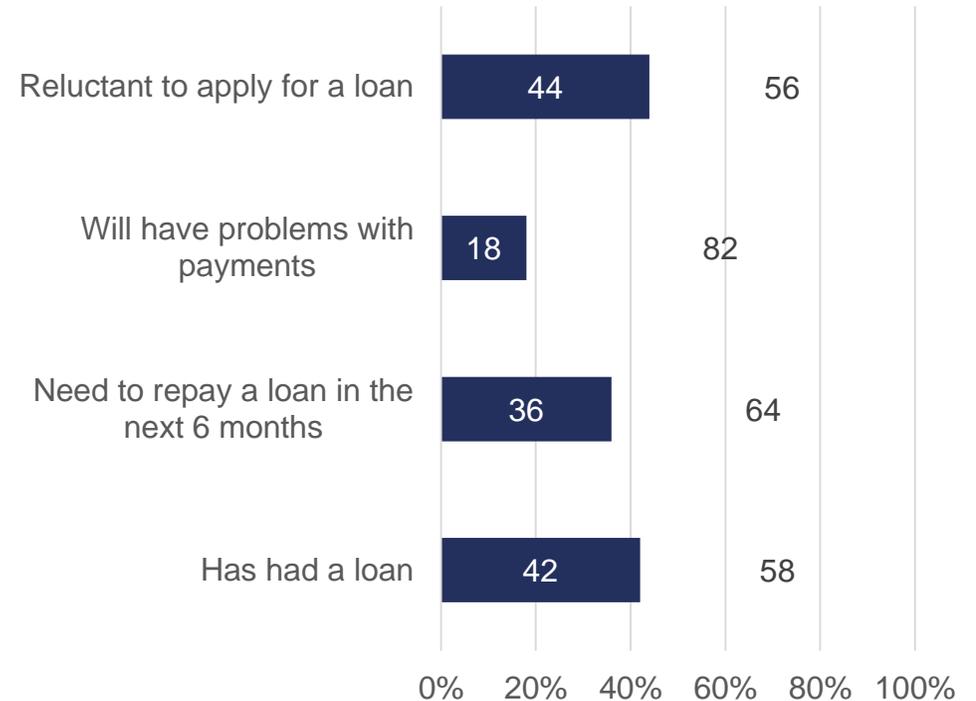
- Only 6% of respondents said that they have changed payment methods.
- Around 26% of respondents stated that there are increased loan requests from farmers. Most farmers want to pay for products after harvesting, but kiosks have not changed their payment methods.



Kiosk Loans

Half of the kiosks are **having problems with loans**

- 36% of respondents still have monthly repayment to pay to financial institutions but there are no changes to payment methods.
- Half of the respondents that still have loans worry about payments over the next 6 months.
- Due to the uncertainty with the pandemic, 44% of respondents said that they are reluctant to apply for a new loan and will wait until the pandemic is over.



Summary



- Most of the kiosks are aware of COVID-19 and support the government instruction to educate buyers to prevent the spread of the infection. The input company Syngenta is supporting kiosks to educate farmers by providing hand washing facilities.
- Main challenges for kiosks during the COVID-19 pandemic are:
 - Reduced numbers of buyers (farmers).
 - Reduced income.
 - Delays in supplies from producers/distributors.
 - In some locations, suppliers have changed payment methods from credit to cash.
- Some kiosks will implement new strategies:
 - Cost reduction by reducing their seed, feed and pesticide stock.
 - Proactive with promotions giving discounts, and reward programs for farmers, promoting products through internet, and providing delivery services for customers.

Thank You!

Devi, Henny, Imam, Renata, Ica, Yuni, Danang

The views, findings, interpretations, and conclusions expressed in this publication are not the views of the Government of Australia and the Government of Indonesia.