



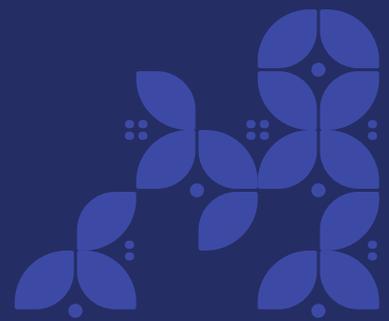
Field and
Farmer
Stories

Mechanisation

Going the extra mile

When mechanisation hits its stride

June 2022



When Harjo Anwar (Luki) started up his agricultural machinery dealership, Argo Jaya, in 2016, he did not know what he was getting into. “I had taken out a loan to start the business and had one Kubota DC35 Combine Harvester”, he explains. “I realised I was unlikely to sell a machine immediately, but I wasn’t prepared for the character of farmers in the area. I had no idea how resistant farmers are to accepting new technology”, he laughs wryly.

Luki tried to drum up business by promoting a free demonstration on a volunteer’s rice crop, but no one took him up on his offer. “I was worried because I had to pay staff salaries, and no one was interested in buying. I had to borrow money from my other hardware business to subsidise the machinery dealership”, confesses Luki. “In the end, I had to lease the combine harvester to a local rice collector, who did a better job convincing the farmers to use it,” he said. “But still, it took that rice collector three years before he bought the combine harvester.”



PRISMA wanted me to increase my sales and for smallholder farmers in the area to increase their productivity using harvesters, transplanters, and tractors... I was prepared to invest in that.

Harjo Anwar (Luki), agricultural machinery dealer owner

2017

The first sale Luki made was in 2017, but that was to a rice farmer in Bali, Pak Gusti. His second sale was in Banyuwangi and also to a Balinese farmer. “They are easier to convince,” Luki says. Luki admits that he had not thought about how to market to farmers. “We only did a demonstration once a year because it is a requirement of the dealership,” says Luki.

2020

In 2020, PRISMA came knocking on Luki’s door proposing an alternative business model to increase sales. “At first, I thought it was a scam,” laughs Luki. “I mean, who offers free business advice for nothing?” After convincing Luki that PRISMA was looking for a win-win solution, Argo Jaya signed a partnership. “PRISMA wanted me to increase my sales and for smallholder farmers in the area to increase their productivity using harvesters, transplanters, and tractors,” explains Luki. “I was prepared to invest in that.”

PRISMA helped Luki develop a good marketing strategy, including demonstration and promotional activities. “Key was focussing on the right client base,” says Luki. “That means rice millers, off-takers, and lead farmers”, explains Luki.

2022

The first time Argo Jaya held a demonstration, they were disappointed that there were no sales. Luki explains further, “Prisma helped us with sales training and working on ‘hot prospects’ and we ended up selling 15 combine harvesters in 2021. When we expanded to a new area in Situbundo in 2022, we did a demonstration using the new marketing model and immediately sold two combine harvesters”.

PRISMA also helped Argo Jaya establish a good after-sales division, which has built customer loyalty and ensures quick repairs of machines.

In May 2022, Luki opened a new branch in Jember. “Things are going so well in Banyuwangi, so I invested IDR 100 million to open a new branch”, says Luki. Argo Jaya has now gone from a staff of four to a team of eleven. Luki is achieving three times more sales than before partnering with PRISMA.

At the opening of the branch in Jember, Argo Jaya managed to close a sale for a combine harvester. Eko Suweko, a local farmer, had bought from Argo Jaya before and came to the opening to take advantage of a special deal to buy another combine harvester.

“My son has set up a harvesting service for local farmers,” says Suweko. “He hires operators, and we promote the services to aggregators and rice millers who buy from farmers. Using these machines, we can harvest four hectares a day”, explains Suweko.



The farmers come back for our service because they can get 100 to 200 kilograms more rice when they use the combine harvester.

Eko Suweko, local farmer and now also a machinery service provider

“I chose Argo Jaya because it’s easy to get spare parts, and they have good after-sales service”, explains Suweko.

When asked if more farmers are using his services, Suweko says, “whether we want to or not, farmers in Indonesia need to look to the future.

Luki is also looking to the future. “I will continue to invest even after the partnership with PRISMA ends,” says Luki. If things continue to go well, Argo Jaya plans to open three more branches in Java and a branch in Bali in the next five years.



About PRISMA

The Australia-Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) is a development partnership between the Government of Australia (Department of Foreign Affairs and Trade, DFAT) and the Government of Indonesia (Bappenas). Our strategic aim is to address food security and poverty by making rural markets more inclusive. We do this by taking a *market systems development* approach, partnering with businesses and government to remove market barriers and introduce product and production innovations.

PRISMA is supported by the Governments of Australia and Indonesia and implemented by Palladium, with Technical Assistance from Swisscontact, Zurich.

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