

Cost Analysis of Promotion Mix to Increase Sales

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ABSTRACT

The aim of this research is to find out how much costs are incurred in the promotion mix PT Sungai Budi Group increases sales; examines the promotion mix, the most dominant increase in sales. The method of observation, library research, interview, are the research methods used in this study. The multiple linear regression method is the analytical method employed. The study was carried out at PT Sungai Budi Group in Makassar. Multiple linear regression with SPSS 20 was used to analyze the data. The result shows that mixed advertising, promotion and advertising have a positive influence on sales growth.

INTRODUCTION

The world of work has changed today, and in the future (Syarifuddin, Semmaila, & Husain, 2019). The operation of each company is generally based on the goal of ensuring continuity through growth and profitability (Amin, 2015). This explains that the ability of managers to manage the company as a whole is urgent in order to grow and develop the company in line with economic growth. The rapid growth in the business world reflects consumers' increasing purchasing power. The consequence is that management of the company must work more optimally and more efficiently in order to anticipate the market more responsively.

In Makassar, PT Sungai Budi Group is a company engaged in supplying food ingredients. Promotional operations are a priority for this business to reach the market while increasing sales. Promotion is one of the most useful competitive media because it is linked to the dissemination of information about products that can reach all levels of society. Promotional media, on the other hand, is considered quite effective because the costs and time are relatively small. In the marketing concept, the speed of introducing products to the public, the comprehensive coverage of information, the creation of public interest in the purchase of goods and the anticipation of space for competitor companies must be considered.

In the economic cycle, marketing activities are a major factor. The ultimate aim of this marketing activity is to satisfy consumer needs (Kotler, 2010). Any implementation of marketing must therefore interpret consumer needs, tastes, and amounts as information that can be used to become a benchmark in the company's management of production activities. Production, consumption and marketing are the major activities in the economic sector (Ariyanti & Budiando, 2017). In addition, (Farid & Subekti, 2012) states that the production aspect is the initial economic activity activity, and after that, after experiencing the process of

securing marketing, consumption is carried out. This explains that the marketing sector's position lies between the sectors of production and consumption.

Marketing is an activity that provides customers with goods or services, beginning with the planning, pricing, promotion and distribution of goods or services to satisfy customers or consumers (Khairina AR, 2016; Private, Dharmesta, & Irawan, 2008). Marketing is a social and managerial process for individuals or groups to create, offer and exchange valuable products to get what they want (Kotler, 2010). Every company needs to carry out the marketing process because marketing will increase existing products, namely the use of location, time, and thoughts, and marketing activities (2013 Mardiana). Advertising is one of the essential things that increases sales. Advertising is a means through attractive visuality or in the form of writing for commercial purposes, services and counseling as well as product information that is very attractive so that the advertising can run according to its function, namely attracting as many customers as possible, also has the impression of playing duration as a way to influence the uniqueness of the ad (Baskoro, 2018).

The successful rise in marketing sales is supported by promotional operations. Promotion is an attempt by advertisers to inform and influence other individuals or parties to execute transactions or exchange products for the products or services they market (Mahalisa, 2016). Sales promotion consists of long-term incentives for the purchase or sale of a product or service to drive the reasons. If advertising provides reasons for buying a product or service, then why we should buy now is emphasized by the sales promotion. Sales promotion (Reza, 2016) includes a wide range of promotional tools to stimulate a faster or stronger market response. The essence of promotional activities is the advantages or reasons why the products or services we offer should be purchased by prospective purchasers.

Publicity is another factor that determines increased sales. Publicity is the activity of placing news in the mass media about a person, organization or business. Publicity is an effort by a person or organization to get the mass media to report its activities. Publicity puts more emphasis on the one-way process of communication. Publicity is data that, because it has news value, comes from outside sources used by the mass media (Melinda, Aftah & Arsyad, 2019). Publicity is an uncontrollable way to put messages in the mass media because the source does not pay the media to publish the news in question (Purbohastuti, 2017). Publicity does not come from the mass media or is not itself a search for mass media journalists, but because it has news value, the mass media uses that information. Publicity news is often reported by the mass media because it is an easy and economical way to get news instead of finding it yourself, which takes more effort and money. Purbohastuti, (2017) argues that advertising has several advantages and is superior in several ways, such as advertising can reach people who do not want to read, advertising can be placed on the front page of a newspaper or in another position that is striking, more reliable if a newspaper or magazine publishes a story as news, readers believe that the story is news and news is usually more true Publicity is much cheaper because, without being charged, it is done freely. That is why promotion is useful for selling parts in remote areas to ensure profitability (Wardana & Menuh, 2018).

RESEARCH METHOD

This study was conducted in Makassar at PT Sungai Budi Group. The purposeful sampling method was the sampling technique used in this study. The data used in this

research was obtained through questionnaires. Some questions logically relate directly to the research problem in the questionnaire, and each question is the answer that has significance in testing the hypothesis. The following equation is used in the measurement of the independent variable (X) and the dependent variable (Y).

$$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

Description :

Y	= Sales Increase
b ₀	= Konstanta
X ₁	= Advertising
X ₂	= Promotion
X ₃	= Publicity
B ₁ , b ₂ , b ₃ ,	= Regression Coefficient
E	= Standard Error

Furthermore, to determine the elements of promotional costs that have a dominant effect on sales, the t-test (partial) is used to test one individual variable's impact in its contribution to the dependent variable. The t-test is used to test the regression coefficient partially from the independent variable, with a significance level ($\alpha = 0.05$)

RESULTS AND DISCUSSION

Research Analysis

The results of the multicollinearity test in table 1 indicate that it is possible to tolerate all independent variables in this study and that their existence does not interfere with the model.

Table 1. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Advertising	,672	1,483
	Promotion	,854	1,165
	Publicity	,971	1,153

Table 2. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.899 ^a	.891	.897	.465486

Table 2 shows the effect of advertising, sales promotion, and publicity on the increase in PT Sungai Budi Group sales in Makassar. The value of R square = 0.891, which means the coefficient of determination of the effect of advertising, sales promotion, and publicity on sales is 0.897 or 89.7%. These results indicate that sales variance (Y) is influenced by advertising,

sales promotion, and publicity by 87%. It means that the correlation between advertising, sales promotion, and publicity on PT Sungai Budi Group's sales in Makassar is in a potent category.

Table 3. Partial Test Results (t test)

Variable	B	t - count	Sig.	Info
Constant	37650,79	2.054		
Advertising	0,365	5,285	,034	Positive significant
Promotion	0,218	7.842	,002	Positive significant
Publicity	0,115	4.072	,019	Positive significant

$$\text{Sales increase} = 37650,79 + 0,365X_1 + 0,218X_2 + 0,115X_3 + e$$

From the regression equation, it can be explained that if the coefficient of the advertising variable is in a positive direction of 0.365, which means that if there is an increase in advertising, the increase in sales will increase by 0.365. Then, the coefficient of the promotion variable is in a positive direction of 0.218, which means that if there is an increase in promotion, the increase in sales will increase by 0.218. For the publicity variable coefficient with a positive direction of 0.115, which means that if there is an increase in publicity, the increase in sales will increase by 0.115.

The results of this study indicate t-count $X_1 = 5.285$ and a significance value of X_1 of 0.034 or between the values of $0.000 \geq 0.05$ (5% real level), it can be concluded that advertising has a positive and significant effect on increasing sales. The results of this study support the results of research (Radjapati, Tumbuan, & Soepeno, 2018; Haryani, 2019) which found that advertising has a positive and significant impact on sales.

The results of this study indicate t-count $X_2 = 7.842$ and a significance value of X_2 of 0.002 or between the value of $0.000 \geq 0.05$ (5% real level), it can be concluded that promotion has a positive and significant effect on increasing sales. The results of this study support the results of research (Yan, Repi, & Lumanauw, 2018; Amri & Nikmah, 2018) found that advertising has a positive and significant impact on sales.

The results of this study indicate the t-count $X_3 = 4.072$ and a significance value of X_3 of 0.019 or between the values of $0.000 \geq 0.05$ (5% significance level), it can be concluded that publicity has a positive and significant effect on increasing sales. The results of this study support the results of research (Pricillia & Tumbuan, 2019; Syarif, 2019) which found that advertising has a positive and significant impact on sales.

Discussion

In part, the findings of this study indicate that advertising at PT Sungai Budi Group has a positive and significant effect on increasing sales. This illustrates that the company has made creative efforts to obtain good consumer ratings by improving the quality of advertising messages. Of course, when consumer trust and satisfaction with the product rises, it becomes an added value. Consumers will decide to make a purchase, and sales will increase automatically. Promotion has a positive and significant impact on sales growth at the PT

Sungai Budi Group. These findings explain that PT Sungai Budi Group's advertisements can influence consumers to make purchases and ultimately increase sales. The dissemination of information on the goods and services being sold can have a substantial impact on consumer decisions regarding the purchase of the goods or services offered. This occurs because in making purchases, the data obtained through the promotion will become a list of consumer considerations. These findings also illustrate the practical efforts made by the PT Sungai Budi Group so that customers can find out the specifications of the products or services offered. Publicity has a significant positive effect on sales growth at the PT Sungai Group; these results illustrate that advertising has reached all levels of society in relation to information on goods or services disseminated to the public. The communication provided turned out to offer PT Sungai Group several advantages, namely the establishment and maintenance of profitable relationships between the organization and the community. Through public relations, contact with the wider community can influence the impression of an organization and the products or services offered to be a consideration for consumers to buy the company's products or services and ultimately increase sales.

CONCLUSIONS

Increased consumer confidence and product satisfaction can add value to customers so that it affects buying decisions and increases sales. Information obtained through promotions will become a list of consumer considerations when making purchases. Public relations advertisements with the wider community can affect the impression of an organization and the products or services offered to allow customers to consider buying the company's products or services and ultimately increase sales.

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