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The Analysis Of Sales Promotion Towards Sales At Pt. Multimas Nabati Asahan Medan

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ABSTRACT

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Promotion is an activity in communicating information from sellers to buyers or other parties in the promotion to influence of the buyers. The main duty of a marketing manager in promotion is to inform customers about the products' benefit that will be obtained by the customers if they purchase the product. Companies can use premiums, price off deals, rebates in the market. Promotion is done by a company in order to increase the company's sales. The main thing that must be considered when doing promotion is to sell out the products as much as possible. PT. Multimas Nabati Asahan also uses promotion to improve their sales. The promotions that they use are premiums, price off deals, and rebates. In order to get data, the writer distributed a questionnaire to 30 customers. The questions consist of 10 questions, and are divided into two parts, 5 questions related to sales promotion and 5 questions related to sales. After obtaining feedback from the customers, the writer tabulated the data and analyzed it by using correlation formula, linear regression, and test hypothesis. Then, the result of the data analyzed will determine whether the hypothesis can be accepted or rejected. The result that the writer obtained is that sales promotion has an effect at PT. Multimas Nabati Asahan and is impacting the sales. At least, writer has made some conclusion from the analysis and evaluation done systematically. Some conclusions are: From the result of Coefficient Correlation between variable *X* and variable *Y*, the result was 0.84 Furthermore, the effect of sales promotion towards sales resulted in 70.56%; it means the effect of sales promotion towards sales is affected 70.56%, which means that there is a strong relationship or positive correlation between sales promotion toward sales. Moreover, using hypothesis test the *t*count is 15.10 Then, based on the distribution table *t* we will have the value of *t* with degree of freedom = 28, $\alpha = 5\%$, thus *t*table; $dk=28$; $\alpha=0.05 = 1.701$. Because *t*count > *t*table, we can conclude that "There is an impact of sales promotion toward sales at PT. Multimas Nabati Asahan Medan

INTRODUCTION

Marketing is important in building customer relationships as well as creating product awareness. Without an effective marketing strategy you stand to not gain customers or lose customers which equates to revenue loss and no growth. For a company to grow, marketing is the vehicle. "Marketing is not about providing products or services it is essentially about providing changing benefits to the changing needs and demands of the customer", P.Tailor (2000, p.7) Promotion is a tool with which public will be informed about the availability of a particular product or service and the uses of such product. Production decides the increase in demand for a product. Promotion will make the prospective buyers know about the want-satisfying characteristics of a product, its price and place of availability. You can have the best little business ever with wonderful potential, but if you can't market it, you don't have a business at all. Learn how to market yourself, because you are your business. Don't confuse the terms "marketing," "advertising," and "promotion." These terms carry a different tune every time.

"The range of marketing is very wide; several activity phases must be passed through by product and service before they can reach the consumer's hand. Because of that, the scope of activity is simplified to become 4 (four) marketing elements which are usually called marketing mix or 4 P's in marketing; marketing strategy consists of four components , i.e. product, price, place, and promotion." Umar (2002, p.208) PT. Multimas Nabati Asahan is a company that operates as Palm Oil Company. The type of business is a producer and exporter business. This company produces crude palm oils, crude palm kernel oils, crude coconut oils and cooking oils. It has been established since 1994.

Promotion takes on an important role in the company to introduce its products to consumers. Therefore, promotion activities are all efforts done by seller to persuade consumers to buy and also to remind old consumers to repurchase. Promotion can be said to be an activity to introduce product information so that consumer knows about the product. The Title for research as: "The analysis of sales promotion towards sales at PT. Multimas Nabati Asahan Medan"

LITERATURE REVIEW

Definition of Promotion

Promotion is an element of the marketing mix that has an important role in the company to introduce its products to consumers. Therefore, promotion activities are all efforts done by the seller to persuade consumers to buy and also to remind old consumers to repurchase. Promotion can be said to be the activity to spread product information so that consumers knows the product.

According to Asri, (Integrating Sales and Marketing, 2006, p.28) —Promotion is all activities that are done by the sellers to introduce their products to customer candidates and persuade them to buy and remind old consumers to buy the product again.

According to Boyd, Walker & Larreche (2001; p.65) : —Promotion is a controlled and integrated program from communication method and designed material to present the company and its product to potential consumers, introducing the characteristics of satisfied products in order to increase sales and to give a contribution to long term profitable performance.

We can conclude that promotion is an instrument of communication used to persuade the public and sometimes to attract prospective customers; it manages to influence the decision of the customers in buying the commodities or the services being offered. Therefore, the promotion should be able to attract the attention of the marketing target. In general, a company uses promotion to inform customers about the physical attributes of their product and persuades them to buy them. Promotion is the tool to entice the customer to choose the products or services that the company provides, or the tool to promote and maintain the customer's interest.

Promotion Mix

Promotion activity must be planned formally, beginning with an explaining objective – what is expected by the promotion precisely in detail. Same as with marketing, promotion also has what is called a promotion mix. In the context of marketing mix, promotion represents the various aspects of marketing communication, that is, the communication of information about the product, with the goal of generating a positive customer response. As mentioned before, as is the same case with marketing, promotion also has a promotion mix; the variables of promotion mix are:

Advertising

Advertising is a promotion mix used to deliver a message about an idea or benefit of a product or services to the consumer. The delivery of the message can take the form of writing, a figure / picture, voice or combination of all that; it is aimed at the society through mass media, newspaper, magazines, radio, advertising boards, etc. Definition of advertising (Marketing Strategy, 2005, p.328) —Paid form of non personal communication about an organization or its products that is transmitted to a target through a mass/broadcast medium.

Personal Selling

Personal selling is the individual communication, the interaction between people and people. This means that the activity is done directly face to face between the seller and the buyer without using media. The characteristics of personal selling are:

1. More specific communication aimed at one or more persons.
2. Greater impact on consumers.
3. Provides immediate feedback
4. Aims at building buyers preferences, convictions and actions.
5. Cost per person is high; it is the most expensive promotion tool.
6. It allows marketers to adjust a message quickly to improve communication.
7. Buyer feels a great need to listen and respond.
8. Long term commitment is needed.

Publicity

Publicity is news that tells about a product or service to attract more consumers to buy the product or services. According to the American Marketing Association in 2001 : "Publicity is non-personal stimulation of demand for a product, services or ideas by means of commercially significant news planted in the mass media and not paid for directly by a sponsor." Publicity is very believable. It can also reach many prospects who avoid sales people and advertisements. Marketers tend to under-use publicity or to use it as an afterthought. Yet a well-thought out publicity campaign used with other promotion mix elements can be very effective and economical. The goals of publicity are to support other promotion programs and increase product sales and also to build good relationships with the public.

Sales Promotion

Sales promotion is an important component of a small business's overall marketing strategy, along with advertising, public relations, and personal selling. The American Marketing Association (AMA) defines sales promotion as "media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product quality." But this definition does not capture all the elements of modern sales promotion. One should add that effective sales promotion increases the basic value of a product for a limited time and directly stimulates consumer purchasing, selling effectiveness, or the effort of the sales force. It can be used to inform, persuade, and remind target customers about the business and its marketing mix.

Businesses can target sales promotions at three different audiences: consumers, resellers, and the company's own sales force. Sales promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over another. It is particularly effective in spurring product trial and unplanned purchases. Most marketers believe that a given product or service has an established perceived price or value, and they use sales promotion to change this price-value relationship by increasing the value and/or lowering the price. Compared to the other components of the marketing mix (advertising, publicity, and personal selling), sales promotion usually operates on a shorter time line, uses a more rational appeal, returns a tangible or real value, fosters an immediate sale, and contributes highly to profitability. In determining the relative importance to place on sales promotion in the overall marketing mix, a small business should consider its marketing budget, the stage of the product in its life cycle, the nature of competition in the market, the target of the promotion, and the nature of the product. For example, sales promotion and direct mail are particularly attractive alternatives when the marketing budget is limited, as it is for many small businesses. In addition, sales promotion can be an effective tool in a highly competitive market, when the objective is to convince retailers to carry a product or influence consumers to select it over those of competitors. Similarly, sales

promotion is often used in the growth and maturity stages of the product life cycle to stimulate consumers and resellers to choose that product over the competition—rather than in the introduction stage, when mass advertising to build awareness might be more important. Finally, sales promotion tends to work best when it is applied to impulse items whose features can be judged at the point of purchase, rather than more complex, expensive items that might require hands-on demonstration.

Definition of Sales

Sales is sales achievement expressed in quantitative, physical or volume terms or a measure in total revenue produced or units sold, of the effectiveness of the selling efforts of the company. Indicators of sales:

Customer Loyalty This can be defined as the totality of feelings or attitudes that would incline a customer to consider the re-purchase of a particular product, service or brand or re-visit a particular company, shop or website. Customer loyalty has always been critical to business success and profitability.

Number of goods sold per month This can be defined as the measure of the total selling amount. The writer measures the sales based on area. Example: in Medan sales are about 300 tons / week.

METHODS

Research Design

“Research design provides the basic direction for carrying out a research project so as to obtain answers to research questions” Cooper &Schindler, (2003, p.173) The writer tries to use a causal approach. This approach is to know the causal relationship between the sales promotion and the sales and this has to be reliable and valid enough to determine the causal relation. And also the writer uses a deductive approach. It refers to specific data obtained from a general theory. The theory leads to predictions about what is likely going on. Interviews and observation involve getting feedback by giving questionnaires to customers and their supervisors; this will allow for the most up-to-date, valid information possible. The problem of this study relates directly to sales promotion towards sales and the information gathered directly from actual employees. The purpose of using this method is to test the hypothesis and answer the question related to the current issues.

Research Object

A population is "A collection of units of analysis whose properties are being analyzed." Singarimbun and Sofian Effendi, (2002, p.152) The population of this research is 150 customers of PT. Multimas Nabati Asahan. A sample is a part of the population of interest, a sub-collection selected from a population. “the basic idea of sampling is by selecting some elements in a population, then drawing conclusions about the entire population.” Cooper and Schindler, (2003, p.179) According to Arikunto (Prosedur Peneitian,2006, p.134) if the total population is less than 100 it is better if we take all the population, but if it is more than 100, we can take between 10%-15% or 20%. The sample of this present study is 30 respondents taken from 20% of the entire population.

Data Collection Method

Research method is a systematic and a replicable process which identifies and defines problems, within specified boundaries.

Library Research Library Research is research done according to theories and references from literature, books, and other sources of readings which have a relationship with the object of the study.

Field Research Field Research is research done directly in the field. It is at PT. Multimas Nabati Asahan.

The data is collected based on the relevancy to this study. This can be done through:

Interview Interviews are done to ask questions and get the answer to and from the head or chief of the company or department so that the writer gets the needed data for this thesis.

Questionnaire A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents.

Data Analysis Method

In order to analyze the collected data or to test the hypothesis, the writer uses two kinds of methods, which are:

Causal Approach Causal approach attempts to determine the cause or consequences of differences that already exist between or among groups of individuals. The basic causal approach is to begin with a noted difference between two groups and then to look for possible causes for, or consequences of, this difference.

Statistical Method Statistical method is the analysis that provides hands on experience to advance the use of statistical thinking and techniques to apply in order to make sophisticated decisions in the business market.

Test of Data Validity

Validity test refers to the degree to which the test actually measures what it claims to measure. It is vital for a test to be valid in order for the results to be accurately applied and interpreted. The formula used to count validity is:

$$r_{xy} = \frac{\sum xy}{\sqrt{(\sum x^2)(\sum y^2)}}$$

Level of Validity

Rxy	Validity
0.00 – 0.20	Very Low
0.21 – 0.40	Low
0.41 – 0.60	(But Sure)
0.61 – 0.80	Average
0.81 – 1.00	High
	Very High

Test of Data Reliability

Reliability refers to how dependably or consistently a test measures a characteristic. The function of this test is to find out whether all the questions in the questionnaire can be trusted. A test that yields similar scores for a person who repeats the test is said to measure a characteristic reliably.

$$r_i = \left(\frac{k}{k-1} \right) \left(1 - \frac{\sum \sigma_b^2}{\sigma_t^2} \right)$$

$\sum \sigma_b^2$ = jumlah varians butir

σ_t^2 = varians total

Where:

$\sigma^2(a)$ = Variant

$\sum a^2$ = Total square of a questions score

$(\sum a)^2$ = Total of a questions score

N = Total Respondents

Coefficient of Correlation

To evaluate the effect of job satisfaction towards employee productivity, the writer uses the Pearson product-moment correlation coefficient method to measure the relationship between dependent variable and independent variable. The possible results with the relations of both variables whether it is positive, independence or negative. The formula to calculate the correlation coefficient is as follow:

$$r_{xy} = \frac{n \sum X_i Y_i - (\sum X_i)(\sum Y_i)}{\sqrt{n \sum X_i^2 - \sum X_i^2} \sqrt{n \sum Y_i^2 - \sum Y_i^2}}$$

dengan:

r_{xy} = Koefisien korelasi antara Y dan X

X_i = Variabel bebas (*independent*)

Y = Variabel terikat (*dependent*)

n = Banyak data

Determination

Coefficient of Determination is the method used to know the influence of Variable X towards Variable Y in percentage.

$$D = r^2 \cdot 100\%$$

Where:

D = Coefficient of Determination

r = Coefficient of Correlation

Regression Analysis

The linear regression is used to identify whether there is a relation between variable x and variable y. The formula is as follow:

$$Y = a + bX$$

Where:

X = Independent variable (Sales promotion)

Y = Dependent variable (Sales Volume)

a = Constants

b = Regression coefficient

T-test

The next step will be using correlation product moment with regression test of the value of “t” with the formula:

$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

After that, the value of “tcounted” will be compare with “ttable” to know that if the H0 or Ha was accepted or not. The criteria testing of this hypothesis is :

If tcount < ttable reject Ho and accept Ha

If tcount > ttable accept Ho and reject Ha

DISCUSSION

From the entire test that has been done by the writer, it proves that there is a relationship between the independent variable (promotion) and the dependent variable (sales) which is indicated by the result of coefficient of correlation at 0.84 and the result of t-test in which tcount > ttable. After analyzing the relationship between independent variable and dependent variable, the writer sees that if the rate of promotion or independent variable is increased, the sales or dependent variable will also increase and vice versa, if the rate of promotion is decreased, the sales will also decrease.

Product Moment Correlation

To count product moment correlation, we need to arrange a table as follows :

Table 1. Table of Correlation

Respondents	X	Y	X ²	Y ²	XY
1	5	5	25	25	25
2	5	4.6	25	21.16	23
3	5	4.8	25	23.04	24
4	5	4.8	25	23.04	24
5	5	4.8	25	23.04	24
6	5	4.8	25	23.04	24
7	5	5	25	25	25
8	5	4.8	25	23.04	24
9	5	4.6	25	21.16	23
10	5	4.8	25	23.04	24
11	5	4.8	25	23.04	24

12	5	4.8	25	23.04	24
13	5	5	25	25	25
14	5	4.8	25	23.04	24
15	5	4.6	25	21.16	23
16	4.8	4.8	23.04	23.04	23.04
17	4.8	4.8	23.04	23.04	23.04
18	5	5	25	25	25
19	4.8	4.8	23.04	23.04	23.04
20	5	4.8	25	23.04	24
21	5	4.8	25	23.04	24
22	5	4.8	25	23.04	24
23	4.8	4.8	23.04	23.04	23.04
24	4.8	4.6	23.04	21.16	22.08
25	4.6	4.4	21.16	19.36	20.24
26	4	4.4	16	19.36	17.6
27	4	4	16	16	16
28	4	4.2	16	17.64	16.8
29	3.2	4	10.24	16	12.8
30	2	4	4	16	8
Total	140.8	140.2	673.6	657.64	662.68

From the table above, we have counted that :

$$N = 30$$

$$\Sigma X = 140.8$$

$$\Sigma Y = 140.2$$

$$\Sigma X^2 = 673.6$$

$$\Sigma Y^2 = 657.64$$

$$\Sigma XY = 662.68$$

To know the relationship level between variable X and variable Y, we use the formula of product moment correlation as follows :

we use the formula of product moment correlation as follows :

$$N. (\Sigma xy) - (\Sigma x). (\Sigma y)$$

$$r_{xy} =$$

$$\sqrt{[N. (\Sigma x^2) - (\Sigma x)^2] \cdot [N. (\Sigma y^2) - (\Sigma y)^2]}$$

$$\begin{aligned}
 & 30. (662.68) - (140.8). (140.2) \\
 r_{xy} = & \\
 & \sqrt{[30. (673.6) - (140.8)2] \cdot [30. (657.64) - (140.2)2]} \\
 & 19,880.4 - 19,740.16 \\
 r_{xy} = & \\
 & \sqrt{[20,208 - 19,824.64] \cdot [19,729.2 - 19,656.04]} \\
 = & 0.84
 \end{aligned}$$

From the result of data calculation, the writer obtains r_{xy} between independent variable (X) promotion with dependent variable (Y) sales, and the correlation value with $n = 30$ is 0.84. It means that there is a strong positive relationship between promotion and sales. Therefore, the hypothesis that states "promotion has effect against the sales at PT. Multimas Nabati Asahan can be proved or accepted.

Determination Correlation

Next, to know the positive influence between promotion with sales, we use determination of coefficient. The calculation is done by squaring the value of product moment correlation coefficient r_{xy} 2 and multiplied with 100%, as follows : $D = r_{xy}^2 \times 100\%$ $D = 0.842 \times 100\%$ $D = 70.56 \%$ this shows that every change of promotion will influence sales in amount of 70.56 % and the other 29.44% are affected by other factors.

Analysis Simple Regression by using formula : $Y = a + bX$

$$X = 140.8 \quad Y = 140.2$$

$$b =$$

$$(n \sum xy) - (\sum x \cdot \sum y)$$

$$n \cdot \sum x^2 - (\sum x)^2$$

$$b =$$

$$(30 \times 662.68) - (140.8 \times 140.2)$$

$$30 \times 673.6 - (140.8)^2$$

$$b =$$

$$(19,880.4) - (19,740.16)$$

$$20,208 - 19,824.64$$

$$b =$$

$$140.24$$

$$383.36$$

$$b = 0.37$$

$$a = Y - bX$$

$$a = 140.2 - 0.37 (140.8)$$

$$a = 88.10$$

Constanta $a = 88.10$ means with promotion, the sales is 0.37

$b = 0.37$ means each increase / decrease in promotion will increase / decrease sales of 88.10 times.

Hypothesis Test

T-test is used to test the hypothesis, whether to be accepted or to be rejected. The formula of t-test is as follows :

$$r\sqrt{n-2}$$

$$t =$$

$$\sqrt{1-r^2}$$

$$0.84\sqrt{30-2}$$

$$=$$

$$\sqrt{1-0.7056}$$

$$4.4449$$

$$= 0.2944$$

$$= 15.10$$

While, the Degree of Freedom (Df) is :

$$Df = n-2$$

$$Df = 30-2$$

$$Df = 28$$

From the above calculation, we get the value of tcount is 15.10 and ttable (Df = 28; level of significant 5%) is 1.701 Hence, it is found out that tcount > ttable (15.10 > 1.701).

ANALYSIS

From the entire test that has been done by the writer, it proves that there is a relationship between the independent variable (promotion) and the dependent variable (sales) which is indicated by the result of coefficient of correlation at 0.84 and the result of t-test in which tcount > ttable. After analyzing the relationship between independent variable and dependent variable, the writer sees that if the rate of promotion or independent variable is increased, the sales or dependent variable will also increase and vice versa, if the rate of promotion is decreased, the sales will also decrease.

CONCLUSION

From the calculation above, we have it that t_{count} is 15.10 then, based on the value of t with degree of freedom = 28, $\alpha = 5\%$, thus t_{table} ; $dk=28$; $\alpha=0.05 = 1.701$. Because $t_{count} > t_{table}$, We conclude that “There is an impact of sales promotion towards sales at PT. Multimas Nabati Asahan Medan” The writer has drawn some conclusions from the analysis of training which is done at PT. Multimas Nabati Asahan, as follows: The Company, in its efforts to achieve the profitable income, runs in many ways. PT. Multimas Nabati Asahan, in its efforts to increase its income, has determined a policy in the promotion field. Through this research, we can say that PT. Multimas Nabati Asahan is successful in performing promotion policy. The sales growth trend seems to be the same with the sales promotion growth trend. It shows the influence of sales promotion against the sales of PT. Multimas Nabati Asahan.

The correlation between promotion and sales is 0.84, so the influencing rate of promotion toward sales is 70.56% and another 29.44% is influenced by other factors.

RECOMMENDATION

After the writer had done the research in PT. Multimas Nabati Asahan, the writer found out that the sales promotions have effects in increasing the sales volume, but the company is lacking in promoting its products. So, in the future, in order to increase the sales and place sales promotion as the strategy, the company could take some aspects into considerations, as follows:

The company should consider its marketing budget, the stage of the product's life cycle, the nature of competition in the market, the target of the promotion, and the nature of product.

Distribution of free samples is probably the fastest and best way through which the company can push consumers to try the product. Once satisfied with the quality of the sample product, consumers become more confident about buying its product.

Reduced rates. During promotional campaigns, companies offer their products at discount rates. Consumers like to use such occasions to buy larger quantities of such products.

DAFTAR PUSTAKA

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