The Effect of Price and Promotion on Increasing Sales Volume at Panglong Tarclo Jaya

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Abstract

Panglong Tarclo Jaya is a company engaged in the supply of building materials. Very often companies experience a decrease in sales volume caused by several factors such as price and promotion. This study aims to determine whether price and promotion affect sales volume at Panglong Tarclo Jaya. The results of this research show that the better the price and promotion, the higher the sales volume. Partially, the price variable has no significant effect on sales volume, but the promotion variable has a significant effect on sales volume. But simultaneously the price and promotion variables have a positive and significant effect on sales volume.

Keywords: Price, Promotion, Sales Volume

1. INTRODUCTION

The role of the pricing strategy is very important in determining the decrease or increase in product sales volume which is a determinant of market demand, in this case the company is expected to be able to determine the price of a product appropriately, in the process of setting this price of course it is adjusted to the marketing strategy that will be carried out so that the results can have an impact on the company's net income increased and also the impact of increasing customer loyalty to the company. But the price strategy is not the only way to overcome various problems in the company, but every company should consider every decision in the matter of pricing.

Price is the amount of money needed to obtain certain goods and services or a combination of both. Companies must always monitor market conditions (Adi, Fathoni, & Hasiolan, 2018). Price is the amount of value exchanged by consumers for the benefits of owning or using a product whose value is set by buyers and sellers through bargaining, or set by sellers for a price that is the same for all buyers (Hidayat, 2021). Errors in the pricing strategy will affect the company's sales volume. If the price set is too high, there is a possibility of a decrease in income. This is because consumers will look for cheaper goods, which will affect sales of a product.

Sales is a method of selling certain goods and or services to consumers by face-to-face outside a fixed retail location by a marketing network developed by business partners and works based on sales commissions, sales bonuses and reasonable membership fees (Silviani & Darus, 2021). Sales volume is the total amount generated from the activity of selling goods, sales volume is something that indicates the ups and downs of sales and can be expressed in units, kilos, tons or liters (Rangkuti, 2019).

There are several indicators in sales volume (Kotler & LaneKeller, 2017), which are as follows: price, price is the amount of value exchanged by consumers for the benefits of owning or using a product whose value is set by buyers and sellers through bargaining, or set by sellers for a price that is the same for all buyers. This distributor channel forms channel levels to determine the overall level to determine the length of the distribution channel, in this case the distribution policy, the channel design needs to be determined (Hidayat, 2021): promotion, quality, distributor channels, products, Products in the form of goods can be differentiated or classified according to type, for example they can be differentiated into consumer goods, namely goods purchased by end consumers for consumption and industrial goods, namely goods purchased to be reprocessed. The development of a product requires the company determine what benefits this product will provide

In sales, it is necessary to carry out promotions so that the products sold can be in demand in marketing. Promotion is determined as an effort to implement the marketing mix which is communication between companies and consumers. Companies are expected to provide correct information about the products sold to consumers. In explaining products to consumers, companies can use promotional strategies to consumers.

Based on previous research with partial results, the effect of significant product (0.05), significant price (0.00), significant distribution (0.02), and significant promotion (0.03) on sales volume. Among the effects of product, price, distribution, and promotion on sales volume of PT. Sari Jaya Kharisma Abadi in Jombang, the most dominant factor is price, which is influenced by indicators, including (Afif & Krisdianto, 2020). Based on previous research, the results of this study show that in the 2015-2017 period, at CV Mandiri Baru, the case study of the 3 in 1 Fiber Trash Bin tended to be good because even though there was an increase in the price of the product, demand remained high, the product factor included in the category of products that were categorized the product needs that become this product are always ordered, besides that the promotion budget used also has a positive effect with an increase in good sales volume every quarter, so that the promotional activities carried out by the company are effective, it just needs to be adjusted to market developments (Tsani, Sume, & Kuraesin, 2019). Based on previous research, the results showed that (1) there was an effect of the selling price on the

selling volume of im3 cards. This can be seen from the tcount 2.344 > ttable 1.6838 or p-value = 0.000 <α = 0.05. (2) There is no effect of promotion costs on sales volume. This can be seen from the tcount value of 1.084 <ttable 1.6838 or p-value = 0.284> α = 0.05. and (3) There is an influence of the selling price and promotion costs which together have a positive and significant effect on sales volume. This can be seen from the fcount value of 3.890> Ftable 1.92 and the p-value (Dewi, 2017).

This research was conducted at Panglong Tarclo Jaya, which is a company engaged in the retail sector which is located at Jl. Patumbak Defense No.138. The price of each product sold by Panglong Tarclo Jaya is a general price that can be reached by visitors, like other supermarket prices. The promotion carried out by Panglong Tarclo Jaya to visitors is by giving discounts to some of the products being sold, for example there are products that are sold by buying one get one free. However, since the Covid 19 pandemic took place, the number of sales made by Panglong Tarclo Jaya has decreased. So, to be able to restore this situation, Panglong Tarclo Jaya wants to do online marketing through social media that is owned and carry out new policies to support sales of each product.

From the description that the authors have described above, the authors are interested in conducting a study entitled "The Influence of Price and Promotion on Increasing Sales Volume at Panglong Tarclo Jaya".
Based on the background of the research above, the problem formulation is:
- Is there a price effect on the increase in sales volume at reva supermarkets?
- Is there a promotional effect on increasing sales volume at reva supermarkets?
- Is there an effect of price and promotion on the increase in sales volume at reva supermarkets?
- Based on the background above, it can be concluded that the limitations of the problem are:
- This research is only limited to the Panglong Tarclo Jaya company
- This research is limited to visitors to Panglong Tarclo Jaya
- This research is only limited to marketing data from 2019 to 2021
- This research is only limited to sales data from 2019 to 2021
The purpose of this research is to determine the effect of price and promotion on increasing sales volume at Panglong Tarclo Jaya?
Some of the benefits of this research are:
- For researchers, to increase the knowledge and insight of researchers, especially in the influence of prices and promotions on increasing sales volume at Panglong Tarclo Jaya?
- For the company, as an input material for the benefits in the influence of prices and promotions on increasing sales volume at Panglong Tarclo Jaya?
- For Stim Sukma, in addition to research results that can be developed further.
- For future researchers, it can be used as reference material for future researchers in conducting research.

2. METHODOLOGY

2.1 Basic Research Framework

This research was conducted with a quantitative research method approach. The quantitative research method is basically a way of thinking to gain knowledge or is referred to as a scientific way of thinking (Suryadi, Darmawan, & Mulyadi, 2019). Quantitative research is research with more objective qualities, disclosure based on specific problems so that it has a single and independent dimension.
Sources of data used in this study are:
a. Primary Data: respondent's profit, obtained through direct/indirect interviews.
b. Secondary Data: Panglong Tarclo Jaya sales results for 2019-2021
There are several data collection methods used in this study, namely:
a. Observation, namely data collection techniques used when research is concerned with human behavior, work processes, etc.
b. Questionnaires, namely data collection techniques that are carried out by giving questions or written statements to respondents to answer.
c. Library Studies, namely techniques for finding data and information through reading references, books and scientific journals
d. Interviews are data collection instruments used to obtain information directly from the source while questionnaires are data collection instruments used in indirect communication, meaning that respondents indirectly answer a list of written questions sent through certain media (Lis, 2017).
The population is a generalization area which consists of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Lis, 2017). The population of this study was among visitors to Reva Supermarkets in 2 days, namely around 45 visitors. The sample is a group of people in the population that must match the existing population (Lis, 2017). The sampling technique

used in this study is non-probability sampling, that is, not all individuals or elements in the population have the same opportunity to be sampled. While the sampling method uses the accidental sampling technique, applied to individuals who happen to be found or who can only be found who are investigated. The number of samples is determined using the slovin formula with a 5% margin of error as follows:

n $\quad$ = N/(1+ 〖Ne〗 ^2)

n $\quad$ = 45/(1+ 〖45.0,05〗 ^2)

$\quad\quad$ = 40,449

Where:

n $\quad$ = minimum number of samples
N $\quad$ = total population
E $\quad$ = 5% Error Margin

So, the number of samples used in this study is 40.449, rounded up to 40 respondents from Panglong Tarclo Jaya visitors.

Based on the formulation of the problem, the variables in this study can be identified as follows:

a. The independent variable (independent variable) is a variable that affects the dependent variable, which consists of price (X1) and promotion (X2).

b. The dependent variable (the dependent variable) is the variable that is influenced by the independent variable, namely sales volume (Y).

The data analysis method used in this study is a quantitative descriptive method. Quantitative descriptive is a conscious and systematic effort to provide answers to a problem and/or obtain more in-depth information beyond phenomena by using research stages with a quantitative approach (Yusuf, 2018). While the analytical model used in this study is multiple linear regression, with the equation:

$$Y=a+b\_1 X\_1+b\_2 X\_2+e$$

Where:

Y $\quad\quad$ = Sales Volume
X_1 $\quad$ = Price
X_2 $\quad$ = Promotion
a $\quad\quad$ = Constant
b_1 $\quad\quad$ = price variable regression coefficient
b_2 $\quad\quad$ = Coefficient of regression of promotion variable
e $\quad\quad$ = Error Of term (variable not examined)

Image 3.1. Framework of thinking
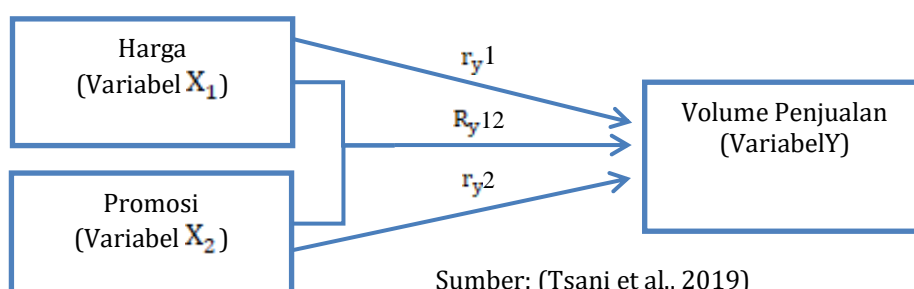
Sumber: (Tsani et al., 2019)

Information:

r_y1 $\quad$ = Correlation Coefficient between Variable X_1 and Variable Y
r_y2 $\quad$ = Correlation Coefficient between Variable X_2 and Variable Y
R_y12 = Correlation Coefficient between Variable X_1 and Variable X_2 together with Variable Y
Do prices and promotions affect sales volume.

3. RESULTS AND DISCUSSION

Validity is a test to see whether the instrument has measured the concept or construct that should be measured (Suryadi et al., 2019). In other words, validity relates to the truth of the concept or construct being measured. An instrument is said to be valid if it has been tested empirically (empirical validity) including the following (Suryadi et al., 2019). Internal validity: measuring the validity of instrument items or test items is done by calculating the correlation coefficient between the score of the item items or test items and the total score of

the instrument or test, items or unlucky items that are considered valid are instrument items or test items whose scores have a significant correlation coefficient with scores total instrument or test.

External validation: if we use the standardized instrument measurement results as external criteria, then the external validity of the instrument we are developing is obtained by operating the developed instrument's measurement results with the standard instrument's measurement results which are used as criteria: Productive validity if external criteria that is used is the size or appearance of the future. Concurrent validity when the external criteria used is the current size or appearance or at the same time as the measurement.

The validity measurement technique is to use Product Moment Correlation namely

$$r = (N\sum xy - \sum x \sum 9)/\sqrt{((N\sum x^2 [-(\sum x)]^2)(\sum y^2 - (\sum y)^2))}$$

The results of calculating the correlation coefficient (r) are compared with the value of r obtained in the table with α = 5%. The question item items in the senior level are declared valid if $r_{hit} > r_{tab}$

Where:

r_{hit} = correlation coefficient of the calculated results.

r_{tab} = assigned value of r α.

Reliability is the consistency level of the instrument in measuring what it should measure. Like validation, instrument reliability also requires statistical testing. A reliable instrument is an instrument that provides consistent results (Suryadi et al., 2019).

The most widely used formula for measuring instrument reliability is the Alpha Coefficient from Cronbach, (Suryadi et al., 2019) as shown below

$\alpha = k/(k-1)(1-(\sum \sigma_i^2)/(\sigma_x^2))$

Where

α = Alpha coefficient

k = number of items

σ_i^2 = variant of item i

σ_x^2 = total variance

According to Nunnally, an instrument is declared reliable if the alpha coefficient is > 0.70

Multiple Linear Regression Analysis between Price (X1) and Promotion (X2) on Sales Volume (Y).

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.648	2.364		3.236	.003
Harga	.227	.234	.124	.971	.339
Promosi	.550	.102	.690	5.410	.000

a. Dependent Variable: Volume Penjualan

Based on the calculation of the regression coefficient in table 4.1 above, it can be seen that the regression equation formed is:

$$Y = 7.648 + 0.227 X1 + 0.550 X2$$

3.1 Correlation Analysis

The results of the regression analysis between price and promotion together with sales volume.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738[a]	.544	.515	1.66392

a. Predictors: (Constant), Promosi, Harga

The results of the calculation above, R = 0.738 based, this shows that the relationship between variable X1 (Price) and variable X2 (Promotion) together to Y (Sales Volume) is very strong and positive. Means that together an increase in X1 and X2 will cause an increase in Y.

3.2 Pengujian Hipotesis

This test is used to ascertain whether each independent variable has a significant effect on the dependent variable. Statistical tests include the t test and F test.

a. Coefficient of Determination (R2): The coefficient of determination (R2) basically measures how much the model's ability to explain the dependent variable. The greater the value of the coefficient of determination (close to one), it can be said that the influence of the independent variables (X1 and X2) is large on the dependent variable (Y).

b. Simultaneous Test (F test): To test the hypothesis of this study, a simultaneous test (F test) was used. This test was conducted to see prices and promotions simultaneously on sales volume. The test was carried out at a 95% confidence level or error rate α = 0.05 (5%), with the following criteria:
   - If Fcount ≤ Ftable, then H_0 is accepted, H_1 is rejected, meaning that simultaneously this research has no effect;
   - If Fcount > Ftable, then H_0 is rejected, H_1 is accepted, meaning that simultaneously this research has an effect.

c. Partial test (t test): The partial test aims to see the effect of price and promotion on sales volume, with the following criteria:
   - If t_count ≤ t_table then H_0 is accepted, H_1 is rejected, meaning that this research has no effect partially;
   - If t_count > t_table, then H_0 is rejected, H_1 is accepted, meaning that this research is partially influential. Table 4.1. Test Results for the Coefficient of Determination (R2)

Model Summaryᵇ

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.738ᵃ	.544	.515	1.66392	2.653

a. Predictors: (Constant), Promosi, Harga
b. Dependent Variable: Volume Penjualan

Based on the output above, it is known that the R Square value is 0.544, this means that the influence of variables X1 and X2 simultaneously on variable Y is 54.4%.

3.2.1 Uji Simultan (Uji F)

Simultaneous test (f test) function is to determine the effect of the three variables on the 95% confidence level or error rate α = 0.05 (5%) with the criteria if Fcount < Ftable, then H0 is rejected, H1 is accepted, meaning that it is a simultaneous study this has no effect and if Fcount > Ftable, then H0 is accepted, H1 is rejected, meaning that simultaneously this research has a significant effect.

ANOVAᵃ

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	102.555	2	51.277	18.521	.000ᵇ
Residual	85.828	31	2.769		
Total	188.382	33			

a. Dependent Variable: Volume Penjualan
b. Predictors: (Constant), Promosi, Harga

From the table above it is known that the Fcount value is 18.521 > from the Ftable value which is 3.28 and a significant value is 0.000 <from an alpha value of 0.05. Then H1 is accepted. In this way, the price and promotion variables simultaneously have a positive and significant effect on sales volume at Panglong Tarclo Jaya.

3.2.2 Uji Parsial (Uji T)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.648	2.364		3.236	.003
Harga	.227	.234	.124	.971	.339
Promosi	.550	.102	.690	5.410	.000

a. Dependent Variable: Volume Penjualan

From the table above it is known that the value of Sig. for the effect of X1 on Y is 0.339 > 0.05 and the tcount value is 0.971 <t table 2.037, so it can be concluded that H1 is rejected which means there is no effect of X1 on Y. We know the value of Sig. for the effect of X2 on Y is 5.410 > 0.05 and the value of t count is 0.000 <t table 2.037, so it can be concluded that H2 is accepted which means there is an influence of X2 on Y.

4. CONCLUSION

The results of the calculation above, R = 0.738, this shows that the relationship between variable X1 (Price) and variable X2 (Promotion) together to Y (Sales Volume) is Very Strong and positive. This means that together an increase in X1 and X2 will cause an increase in Y. The effect of price and promotion on sales volume that occurs in Panglog Tarclo Jaya shows a multiple regression equation Y = 7.648 + 0.227 X1 + 550X2. With this interpretation of the X1 Variable (Price) of 0.227, it means that the effect of Price (X1) on Sales Volume (Y) is positive or every 1 increase in the score of the X1 (Price) variable by 1 will increase the score of the variable Y (Sales Volume) by 0.227, the variable X2 (Promotion) is 0.550, meaning that the effect of Promotional Costs (X2) on Sales Volume (Y) is positive or every increase in the score of variable X2 (Promotion) is 1, it will increase the score value of variable Y (Sales Volume) of 0.550. Sig value. for the effect of X1 on Y is 0.339 > 0.05 and the tcount value is 0.971 <t table 2.037, so it can be concluded that H1 is rejected which means there is no influence of X1 on Y. We know the value of Sig. for the effect of X2 on Y is 5.410 > 0.05 and the t-count value is 0.000 <t-table 2.037, so it can be concluded that H2 is accepted, which means that there is an influence of X2 on Y. Regression Y = 7.648 + 0.227 X1 + 550X2. and R = 0.738 and in terms of what can be done to be able to compete on price with competitors is to provide discounts on certain purchases, quality goods with good quality materials or by lowering the price of goods but by reducing the quality of these goods.

THANK-YOU NOTE

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