

THE INFLUENCE OF PRODUCT VARIATION AND SALES PROMOTION TOWARD SALES PROMOTION (CASE STUDY OF PT MUARA KRAKATAU II)

*Devi Larasati, Riyadi, Umar Farouk**

Business Administration Department, Politeknik Negeri Semarang, Semarang, Indonesia

Abstract

The purpose of this research is to analyze the influence of product variation and sales promotion toward sales performance of PT Muara Krakatau II both partially and simultaneously. The Independent variables studied in this research are product variation and sales promotion, meanwhile the sales performance is as the dependent variable. This is a quantitative research using secondary data in the form of time series in quarterly starting at 2015-2017. The analysis method used in this research are classic assumption test consist of (normality, multicollinearity, heterocedasticity, autocorrelation, and linearity test), t-test, F-test, multiple linier regression test and coefficient of determination (R^2). The result of structural equation is Sales Performance is $0,806$ Product Variation + $0,331$ Sales Promotion. The result of significant parameter t-Test stated that both independent variables namely Product Variation and Sales Promotion partially has a significant influence on Sales Performance. The result of F-Test shows that simultaneously there is a significant influence among Product Variation and Sales Promotion on Sales Performance. The coefficient Determination (Adjusted R^2 value) of the model is $(0,883)$ 88,3%, it means that the contribution of Product Variation and Sales Promotion to Sales Performance of PT Muara Krakatau II is 88,3%. The rest of the contribution 11,7% is affected by other variables that are not describes in this research.

Keywords: *product variation, sales promotion, sales performance*

Introduction

Nowadays, manufacturing industries have progressed quite rapidly. Many of new manufacturing companies have equalized their position with ingenious companies that are really known in the field focusing on its activities. The emergence of new companies can lead into sharp competition. This happens because of the massive appearance of new products. One factor that could preserve a company's position at the market is the company's ability to create products which not only fulfill the consumer's needs but also bring their taste into line. Product itself is an important attribute of the company used to achieve the aim.

According to Kotler and Armstrong in Herlambang (2014:35) product is anything which can be offered to the market to obtain attention, purchase, use, or consumption which could satisfy needs and desires. The important role of a product makes the company able to observe opportunities relating to the existing trend in the determined market or segment. Product development must be supported by the components that can sustain the sales. One factor that can support the sales is choosing the right promotion activities. Promotion according to Stanton, Etzel & Walker (Sunyoto, 2015:157) promotion is the element an organization's marketing mix that serves to inform, persuade, and remind the market of the organization and or its products.

Developing the product and choosing the right promotion strategy could increase sales volume of the company. However on the other side, the company has to keep maintaining the current market state and consumer taste. Maintaining market condition makes product development and promotion activities can be adjust to the trend and the present era.

PT Muara Krakatau II is one of garment manufacturing company that concern to make a better sales performance. This company only has international market. The products in this company are some in high level brands

range, such as Byer Cal, GIV, Jones, Aeropostale, JcPenny, NY&Co. As one of the garment manufacturing company PT Muara Krakatau also consider to apply the right marketing strategy in order to reaching wider segments and increasing their sales performance.

The number of brands in PT MK II certainly greatly affects the sales performance of the company both in terms of volume, profit and image of the company itself. A number of factors can affect sales performance such as the number of product variants offered by the company. Besides promotion strategy could also affect sales performance. Choosing the effective promotion strategy to introduce their products and also form the image of the company could give benefits to the company. PT Muara Krakatau is concern to form good management and strategy in order to maintain its position in the market and could be able to conduct business activities continuously.

This research is purposed to analyze the influence of product variation and sales promotion toward sales performance of PT Muara Krakatau II. The advantages derived from this study is provides a reference and evaluation about some factors that affect sales performance in the company. PT Muara Krakatau II can use the research to evaluate and choose the right strategy to create a better performance program.

Literature Study

International Marketing

International marketing according to Cateora et al (2013:10) is "the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit".

According to Simamora (2001:4) International Marketing is the business activities that conducted to direct the goods and services flows to consumer on more than one country for a profit. Stated by Chandra et al (2004:15) international marketing is a

marketing activity that exceed or overpass a country's border.

From those descriptions above, it can be concluded that international marketing is a process of business activities developed by the company that adjusted to the each targeted country, where the seller and buyer are involved to fulfill each other needs and exchanging offers which has a certain value in every transaction.

Product

A very simple definition about product said by Ferrel & Hartline (2014:11) is "something that can be acquired via exchange to satisfy their needs and wants".

Meanwhile according to Kotler & Keller (2012:248) "product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need or wants".

Product Variation

According to Kotler (2009: 72) product variation is a separate unit within a brand or product line that can be distinguished by size, price, or some other feature. While Tjiptono (2008: 97) defines product variation as a special unit within a brand or product line based on size, price, appearance or other attributes. According to Kotler in efnita (2017) Product variations also considered as a product mix which also called a product assortment. It is a collection of all the goods and products that offered and sold by a certain seller. Product mix consist of various product lines, such as :

- a. The width of a product mix refers to how many different product lines the company carries.
- b. The length of a product mix refers to the total number of items in the mix
- c. The depth of a product mix refers to how many variants are offered of each product in the line.
- d. The consistency of the product mix describes how close relation the various product lines are in end use, production

requirements, distribution channels or some other way

Promotion

Based on Kotler & Keller (2018:497) sales promotion consists of short-term incentive to encourage the purchase of sales product or service. Whereas advertising offers reasons to buy a product or services, sales promotion offers reasons to buy now. Promotion is a marketing function that focus on communicating the marketing programs persuasively into target or candidate of customer to motivate the transaction – exchange between the company and customer. Alihasan (2014:603).

Promotion Instrument

- a. Personal Selling is one of the promotion elements where the seller doing a presentation or orally to one or more of the buyer candidates with the aim of making a sale and building a relationship with potential customers. Alihasan (2014:605)
- b. Accordingto Alihasan (2014:616) advertising defined as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor or advertising is the business of announcing that something is for sale or of trying to persuade customers to buy a product or services
- c. According to Kotler (2018:497) sales promotion consists of short-term incentives to encourage the purchase or sale of a product or a service
- d. Stated by Kotler (2018:474) public relation or PR, is used to promote products, people places, ideas, activities, organizations, or even nations
- e. According to Kotler (2018:513) company use direct marketing to tailor their offer and content to the needs and interest of narrowly defined segments or individual buyers.

Sales Performance

Sales performance is the measurement of the number of sales that an employee makes for a business. According to Stancu (2017) Sales Performance is also defined as number of good sold by company that depend on its industry, the type of product or service sold, and even time of year. Stated by Ferdinand (Djauhari et al, 2010) Sales performance can take some indicators such as sales volume, sales growth and numbers of customer growth. Sales Performance Measurement based on Fortune Group International can be classified into 4 which are:

- a. Quantity – sales volume, dollar revenue generated, accounts acquired, etc
- b. Quality – customer relationship satisfaction, margin achieved
- c. Timeliness – results, reports etc on time
- d. Cost effectiveness – performance within agreed expense budget

Research Method

This research is conducted at PT Muara Krakatau II on marketing department. Data used in this research is secondary data in the form of time series data year 2015-2017.

Interview, observation, and documentation are used to collect the data that needed in this research. Analysis method used in this research is quantitative method, where the data analysis technique used is regression analysis, including Multiple Linier Regression, Classic Assumption Test and Hypothesis Test (*Goodness of Fit Model*).

Classic Assumption test is used to determine the occurrence of irregularities in the

variables studied or not. Several assessment tools are carried out to test the classical assumption including normality test, multicollinearity test, heteroscedasticity test, linearity test, and autocorrelation test.

According to Gujarati (Ghozali, 2018: 95) multiple regression analysis studies of dependency of independent variables (explanatory/free variables), with the aim of estimating and / or presenting in population averages or dependent average values based on the value of independent variables known. Multiple linier regression is used in this research to know the influence of product variation and sales promotion toward sales performance of PT Muara Krakatau II 2015-2017. Besides, it is also used to determine the influence magnitude of product variation and sales promotion toward sales performance in partially and simultaneously. Statistically the basic model used in this research is as follows: $SPER = + 1PVAR + 2PROM$.

Result and Discussion

Classic Assumption test

Based on the classical assumption test that is normality test, multicollinearity test, linearity test, heteroscedasticity test and autocorrelation test result stated that there is no deviation in the data.

Multiple Linear Regression

The table 1 will represent the result of analysis proceed

Table 1 Regression Analysis Result

No	Variable	t _{count}
1	Product Variation	7.512
2	Sales Promotion	3.081
Adjusted r ²		,883
F count		42.439
F table 5% by df: (2-9)		4,256
t table 0,025%		2.685

Source : Data Processing Result using SPSS 23.0 , 2018

From this analysis it can be concluded that :

a. Product Variation toward Sales Performance

Refers to the analysis result, obtained t_{count} value for variable product variation equal to 7,521 > t_{table} 2,685. Thus it can be concluded that product variation significantly influence sales performance

a. Sales Promotion toward Sales Performance

t_{count} value obtained from the research for variable product variation equal to 3,081 > t_{table} 2,685. Thus it can be concluded that sales promotion significantly influence sales performance

b. Total Contribution

Test of the coefficient of determination shows a number of 88.3%, which means that the variable product variation and sales promotion can explain the dependent variable, namely sales performance. While 11.7% is explained by other variables not analyzed in this study.

Research Implication

In order to increase sales performance, PT Muara Krakatau II has to concern about their marketing strategy such as product variety that offered and the promotional activities. This is accordance with the previous research conducted by Hayatun Isqo (2015) stated that product variation in terms of shape, pattern and color has an influence to the sales volume. The analysis result is also stated that sales promotion has a significant influence to the sales performance. Like the theory put forward by Rangkuti (2009) that promotion is one method that companies need to increase sales.

The implication of the research that has been done is that companies can add more variety that can be offered, thus it can attract more consumer in the different segment. The intensity of promotion has to be one of the company focuses since promotion is an important component to get orders from buyers. By increasing the intensity of

promotional activities, companies have more opportunities to attract new buyers.

Conclusion & Recommendation

1. Two independent variables are used for the analysis, namely product variations, and sales promotion. Meanwhile dependent variable studied is sales performance of PT Muara Krakatau II. The result of analysis shows that each variable, product variation and sales promotion has a positive and significant influence toward sales performance of PT Muara Krakatau II.
2. Based on the F-test result, it can be concluded H_a is accepted and stated that there is a significant influence of product variation and sales promotion to sales performance simultaneously. Regarding to adjusted r^2 value obtained from the research as 88.3% sales performance measured by volume in PT Muara Krakatau II can be explained by both independent variables which are Product Variation and Sales Promotion
3. PT Muara Krakatau II developing its product variety based on the demands of the customer that refers to current market trend. The development of variety still concern in woman top only. The sales promotion conducted by the company is personal selling. PT Muara Krakatau II especially the marketing manager will visit buyer and analyze the market condition to offer their products to consumers and make an agreement among them. This activity conducted 4 times a year based on production season which are spring, summer, fall, and holiday.

Based on the results of this study also recommends suggestions for PT Muara Krakatau II including:

1. PT Muara Krakatau II can further develop the product variants they produced. At the moment, the company can only produce product variants for female line, it is expected

that in the future it will be considered to produce variants for men as well. In addition, the company must also pay attention to the variety of products chosen to produce, regarding the limited number of production lines. Apart from the variations produced, the company is also obliged to keep the quality of the goods produced, so that it will increase consumer trust.

2. Promotional activities carried out by the company greatly assist companies in getting orders directly from the buyer, better if the intensity of promotion is increased so as to build good relationships to consumers. In addition the company can also consider expanding its target market not only in the USA, so that product sales not only depend on the USA market. With a wider target market, companies can receive more orders and improve sales performance.

Reference

- Cateora, Philip , Gilly Marry C. and Graham John L. 2011. “*International Marketing fifteenth edition*” . New York : McGraw-Hill/Irwin
- Chandra, Gregorius , Tjiptono, Fandy and Chandra, Yanto . 2004. “*Pemasaran Global : Internasionalisasi dan Internetisasi*” . Yogyakarta : Penerbit Andi
- Djauhari dan Rachmasnyah, Yanuar. 2010. Strategi Meningkatkan Kinerja Penjualan Asuransi Jiwa (Studi di AJB BUMIPUTERA 1912 Kantor Cabang Semarang) *Prestasi Vol.6 No.1 – Juni 2010 ISSN 1411-1479. Semarang: P3M STIE BPD JATENG*
- Efnita, Titik .2017. “Pengaruh Variasi Produk, Kualitas Pelayanan, Harga dan Lokasi Terhadap Kepuasan Konsumen pada Wedding Organizer”. *Jurnal AdBispreneur Vol.2, No.2 Agustus 2017. Batam: Universitas Putera Batam*
- Ferrel O.C dan Hartline, Michael D . 2014 . *Marketing Strategy Text and Cases Sixth Edition*. USA, South Western : Cengage Learning
- Ghozali, Imam . 2010 . *Aplikasi Analisis Multivariate dengan program IBM SPSS 25 Edisi 9. ISBN:979.704.015.1. Fakultas Ekonomika dan Bisnis Universitas Diponegoro*
- Hasan, Ali. 2014 . *Marketing dan Kasus-Kasus Pilihan*. Jakarta : PT Buku Seru
- Herlambang, Susatyo. 2014. *Basic Marketing(dasar-dasar pemasaran) Cara Mudah Memahami Ilmu Pemasaran*. Yogyakarta : Gosyen Publishing
- Isqo, Hayatun . 2015 . Pengaruh Variasi Produk Terhadap Volume Penjualan Merek Ako pada Matahari Departemen Store Lembuswana di Samarinda. *eJournal Ilmu Administrasi Bisnis Volume 3 Nomor 2, 2015 3 (2):470-481 ISSN 2355-5408. Samarinda : Universitas Mulawarman*
- Kotler, Phillip dan Armstrong, Gary. 2018 . *Principles of Marketing 17th edition* . England : Pearson Education Limited
- Kotler, Phillip dan Keller, Kevin Lane . 2012. *Marketing Management 14th edition* . USA: Pearson Education Inc
- Simamora, Henry. 2000. “*Manajemen Pemasaran Internasional Jilid 1*”. Jakarta: Penerbit Salemba Empat