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The Impact of Promotional Costs on The Sales Unit of Honda Beat Motorcycles: Case In Kupang- Indonesia

Stefanus Reinati [1], David R.E. Selan [2]

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Abstract

This research is entitled The Impact of Promotional Costs on Sales Units of Honda Beat Motorcycles. It was conducted at Kupang-Indonesia, especially in PT. MPM Motor Kupang Branch. The problem in this research is whether there is a positive and significant effect of promotion costs on the sales volume of Honda Beat motorcycles at PT. MPM Motor Kupang, or not. In this study, the authors applied data collection methods sourced from primary and secondary data as well as interview and questionnaire data collection techniques, then the data analysis technique used is simple linear regression. The results of the analysis show Y = 821.99 + 0.822x. From the results of the calculation of the determinant coefficient R2 = 0.732 = 0.5329 or 53.29% sales volume (Y) is determined by the cost of promotion (X). Thus, there is a positive but not significant effect between promotion costs and sales volume.

1. Introduction

The motor vehicle industry is one of the fastest-growing industries globally, including in Indonesia. This is because the human need for vehicles is very important for direct community activities. The demand for motorized vehicles will continue to increase in line with the increase in the welfare of the people in the marketing area for these vehicles. The territory of Indonesia has a large land area. Of course, it will require vehicles as a means of transportation, especially with the increasing number of newly opened transportation routes to connect one area to another. The increase in population and the flow of population movement will also encourage an increase in the use of vehicles to support community economic activities.

The development of the world's motorcycle industry will certainly be very influential for the Indonesian people, where so many types and types of vehicles from various brands continue to

[1] *Universitas Persatuan Guru 1945 NTT, Kupang, Indonesia. Email: reinatistef@gmail.com*
[2] *Universitas Persatuan Guru 1945 NTT, Kupang, Indonesia. Email: davidranlys69@gmail.com*

brighten the motor vehicle market in Indonesia—seeing Indonesia as a potential market. This is an opportunity for motorcycle industry players in Indonesia to be able to take advantage of this opportunity. However, the decline in people's purchasing power due to the economic crisis will certainly affect the level of sales of these vehicles. Due to uncertain economic conditions, motorcycle manufacturers are forced to produce vehicles suitable for the community's conditions so that they are still affordable by the community.

The rise of types and motorcycle vehicles on the market will certainly cause problems for the producers themselves, where there is competition in attracting as many consumers as possible. To attract buyers' interest, one of the efforts that can be done is to improve an effective marketing system. Effective marketing in its application is how to increase sales volume and observe consumer behavior and fulfill consumer desires through quality improvement efforts in accordance with consumer expectations. Of the various kinds of Honda motorcycle products offered by PT. Mitra Pinasthika Mustika, Kupang Branch, the authors focus on Honda Beat type motorcycle products research. Where does PT offer the sales promotion costs? Mitra Pinasthika Mustika Kupang Branch increased sales volume of Honda Beat motorcycles or decreased sales volume.

2. Theoretical Basis

Marketing theory

Marketing is part of the management that leads to the commercial activities of manufacturers of modern marketing techniques. Having the goal of achieving the sale of goods and services effectively and efficiently by looking to the future, finding consumers by meeting their needs, it can be said that marketing starts from the pattern of thinking to get consumers as producers.

According to Philip Kotler (2005: 7), marketing is a social and managerial process in which individuals and groups get what they need and want through the creation and exchange of products and values with others (Homburg et al., 2009); According to Assauri (2009: 5), marketing is a whole system of business activities aimed at planning, pricing, promoting and distributing goods and services that satisfy the needs of both existing buyers and potential buyers; According to Jeff Madura (2001: 83) marketing is the action of various companies to plan and implement product design, pricing, distribution and promotion.

Marketing Mix Theory (Marketing Mix)

The company’s goal is to satisfy consumers and achieve the target market to be achieved. Along with these goals, the company also wants to achieve as much demand as possible to achieve the expected results. However, the problem arises, namely how to influence buyers in order to influence buyers to buy the products offered. According to Kotler and Gary Armstrong (2004: 320), the proposed marketing mix is divided into four variables: 1). Product. In competitive conditions, it is very dangerous for a company to rely only on products without effort to develop them. Therefore, in maintaining and increasing sales and market share, improvements and development of the resulting product better to provide greater use, expansion, and attractiveness (Homburg et al., 2009). The factors contained in a product are quality, appearance (features), existing choices (options), styles (styles), brands (brand lines), various products (product items), guarantees (guarantees) and services (services); 2). Price. Pricing will be very important, especially in increasingly sharp competition and demand developments. Setting the price of a product needs to be considered factors that affect it either directly or indirectly. Factors that directly affect the price of raw materials, production costs, marketing costs and the existence of government regulations. Indirect

factors include the price of similar products sold by other competitors, the effect of prices on the relationship between substitute products and complementary products, discounts for distributors and consumers. A). Distribution. Distribution is delivering products from producer to consumer at the right time. Therefore distribution is one of the marketing policies that include determining marketing channels, b). Promotion. However, a valuable product if not known to consumers, the product will not be known and useful for consumers. Therefore, the company must do a way so that consumers can know the company's products. And trying to influence consumers to be able to create demand for the product, then maintained and developed. This effort can be done by doing a series of promotional activities as one of the marketing references, and c). Volume or unit of Sales. Sales volume is the final result achieved by the company from the sales of products produced by the company. Sales volume does not separate in cash or credit but is calculated entirely from the total achieved. Suppose the sales volume increases and the distribution costs decrease, then the level of achievement of a company's profit increases but conversely, if the sales volume decreases and the distribution cost increases, then the level of achievement of a company's profit decreases.

Income Theory

According to Horngren et al (2005) & Baridwan (2004;30), income is the inflow or increase of other assets of a business or repayment of its debts (or a combination of both) for a period derived from the delivery or manufacture of goods, delivery of services, or from other activities that are the main activities of the business entity. Furthermore, according to (Yusup, 2003; 24), income is the flow of cash receipts or other property received from consumers due to the sale of goods or the provision of services. According to Lewnes, A., & Keller (2019), income is all income received by any individual or person in economic activity in a given period. Furthermore, according to Black et al (2012), income is the amount of money or material achieved from development or human services. Furthermore, revenue is divided into two categories, namely: 1). Money income by measuring business income in units of money (units of rupiah), and 2). Income rill measures the income in a business in its power to obtain goods from its income. Furthermore, income can be affected by several factors, including 1). The large scale of effort; 2). Quality and Quantity of production, and 3). Level of public knowledge.

Cost Theory

According to Drury (2013), cost is the amount of sacrifice and expense used directly or indirectly to produce goods or services in the right conditions where they are used or sold. While Mulyadi (2011:3) said that cost is the sacrifice of an economical source that can be measured in units of money that have occurred or are likely to occur for a specific purpose.

The definition of cost can be understood as costs can be measured in units of money, meaning that all expenditures that have occurred from the process to achieving the production results are measured by money. According to Mulyadi (2011: 205) said for the purposes of cost control and in decision making, costs can be classified in accordance with their behaviour in relation to changes in the volume of activities, namely: 1). Fixed cost is a cost whose total amount is fixed, not affected by changes in the volume of activity within certain limits. The characteristics are a). The amount that remains proportional to the production, b). Decreased fixed cost per unit is proportional to the increase in production, and c). Its loading to a section often depends on the managing management and not on the work supervisor, and 2). Variable cost is a cost whose total amount changes in proportion to the volume of activity. As for cirri - the characteristics are a). Vary as a whole by activity volume, b). Despite volume changes within the relevant limits, constant cost per unit, c). Easy and carefully shared on the business side, d). Supervision of the incident and maturation is in

the hands of the head of the section, and e). Semi-variable costs are costs whose total amount changes are not proportional to changes in activity volume.

3. Research Method

The research was conducted in the promotion section of PT. Mitra Pinasthika Mustika Kupang Branch is located in Kupang- Indonesia. It was conducted in a month. The data was taken at PT. Mitra Pinasthika Mustika Kupang in the form of how many units of motorcycles have been sold in the last five years as a result of the costs of the sales promotion carried out. The samples to be taken here are all Honda Beat motorcycle products.

4. Discussion

Promotion Fee

Promotional costs are many costs incurred in an effort to promote Honda to consumers. The costs incurred are quite large, this is because the media used is not like other service companies. The media used are Pos Kupang, Timor Express, banners, promotions in public areas, and others.

Number of Sales Units

Sales volume is the number (units) of Honda beats that are sold in a certain period. The study results show that the sales volume of Honda beat is not stable or varies from year to year.
Analysis of the Effect of Promotional Costs on Sales Volume

In this study, what is meant by promotional costs is a sacrifice made by the company for its promotional activities. Based on the data obtained, it is known that promotion costs increase every year. Meanwhile, furniture sales volume fluctuates or is unstable. The data on promotion costs and sales volume from 2016-2020 can be seen in the table:

Table 1.
Promotion Fees and Sales Volume

Year	Promotion Fee (Million Rupiah)	Sales Volume (Units/yr)
2016	250.000	1.090
2017	268.000	990
2018	335.650	1.100
2019	375.500.	1.200
2020	395.500	1.130

Source: Author Processed Data, 2021

Table 2
Helper Table for Calculating Equations
Simple linear regression

Year	Promotion Fee (X)	Sales Volume (Units/yr) (Y)	X^2	Y^2	XY
2016	250	1.090	62.500	1.188.100	272.500
2017	268	990	71.824	980.100	265.320
2018	335	1.100	112.225	1.210.000	368.500
2019	375	1.200	140.625	1.440.000	450.000
2020	395	1.130	156.025	1.276.900	446.350
∑	1.623	5.510	543.199	6.095.100	1.802.670

Source: Research Results, 2021

To find out the prices of a and b, the calculation is carried out using the formula:

$$a = \frac{(\sum Y)(\sum X^2) - (\sum X)(\sum XY)}{n(\sum X^2) - (\sum X)^2}$$

$$b = \frac{n\sum XY - (\sum X)(\sum Y)}{n\sum X^2 - (\sum X)^2}$$

From the above calculation, a simple linear regression equation is obtained, namely Y = 821.99 + 0.822x. This equation means that if the promotion cost (X) increases by 1 Rupiah, the sales volume (Y) increases by 0.822 units.

The constant 821.99 implies that if the promotion costs remain or do not change (X=0), there will be 8.21.99 units. Thus, hypothesis H0, which says there is no effect between promotional costs (X) on sales volume (Y) is rejected. For this reason, this study accepts the hypothesis of Ha which says that there is an influence between promotional costs (X) on sales volume (Y) for Honda beat motorcycles at MPM Motor Kupang Branch.

From the correlation calculation results, the r value of 0.73 means that promotion costs (X) and sales volume (Y) have a positive relationship with a very strong relationship level of 0.73. So if there is an increase in promotional costs (X) will be followed by an increase in sales volume (Y). Furthermore, to determine the magnitude of the coefficient of determination R2 = 0.732 = 0.5329. This means that sales volume is only 53.29% determined by promotional costs, while the remaining 46.71% is determined by other factors not discussed in this study.

From the results of the significance test, obtained t-count of 1.850. This t-count value is then compared with the t-table value for an error rate of 5% for the two-sided test and dk = n – 2 = 5-2 = 3, then the t-table value = 3.182. Thus, when t-count is compared with t-table, it can be seen that t-count is smaller than t-table (1.850 < 3.182). This means that promotion costs have a positive but not significant effect on sales volume. Thus, the results of this study cannot be generalized/applied to the entire existing population.

5. Conclusion

From the discussion above, the writer can conclude as follows:

1. From the day of calculation of simple linear regression, the result is Y = 821.99 + 0.822x
2. The calculation of the coefficient of determinant R2 = 0.732 = 0.5329 or 53.29% sales volume (Y) is determined by the cost of promotion (X). At the same time, the remaining 46.71% is determined by other factors that are not discussed in this study.
3. From the significance test day with the t-test, the value of t hit < t table (1.850 < 3.182) was obtained. Thus, there is a positive but not significant effect between promotional costs on sales volume.

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