



## Promotional strategy and Prices as well as Distribution channels On Sales Performance In PT Alva Mountindo Medan

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### ABSTRACT

The purpose of this research is to determine the effect of promotional strategies, prices and distribution channels on increasing sales at PT Alva Mountindo Medan. The sample for this research was consumers of PT Alva Mountindo Medan with 56 sample respondents used. The data used is primary data, this research analyzes the relationship between promotional strategies, prices and distribution channels on increasing sales. The statistical method used is multiple linear regression (multilinear regression analysis) with a quantitative approach using classical assumption tests first. The results of this research show that partially the promotional strategy variable ( $X_1$ ) has a positive and significant effect on sales ( $Y$ ), indicated by the value of  $t_{count} 2.873 > t_{table} 2.00665$  with a significance of  $0.007 < 0.05$ . Partially, price ( $X_2$ ) has a positive and significant effect on sales ( $Y$ ), indicated by the value of  $t_{count} 2.919 > t_{table} 2.00665$  with a significance of  $0.005 < 0.05$ . Partially, the distribution channel ( $X_3$ ) has a positive and significant effect on sales ( $Y$ ), indicated by the value of  $t_{count} 2.771 > t_{table} 2.00665$  with a significance of  $0.008 < 0.05$ . Meanwhile, simultaneously both promotional strategies ( $X_1$ ), prices ( $X_2$ ) and distribution channels ( $X_3$ ) have a positive and significant effect on sales with a  $F_{count}$  value of  $36.356 > F_{table} 2.78$  with a significance of  $0.000 < 0.05$ .

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## 1. INTRODUCTION

In the current era of globalization, developments in the world of trade are increasingly rapid and give rise to intense competition in marketing products or services. Marketing is a very important part or one of the factors of company management that must be considered, because marketing can influence the smoothness and success of the company in achieving the goals it wants to achieve. It is very important for companies to determine the right and appropriate marketing strategy for the products they will sell to consumers. With an appropriate and appropriate marketing strategy, companies will be able and easier to sell their products to potential consumers.

PT Alva Mountindo is a food distributor in the city of Medan which has quite extensive business channels, such as coffee shops, wholesalers, mini markets and large

supermarkets. Products distributed by PT Alva Mountindo include Greenfields, Kanzler, Lafonte, Tong Garden, and Aroma (meat). Based on researchers' observations, PT Alva Mountindo Medan itself has carried out several marketing activities such as promotions. PT Alva Mountindo Medan is trying to implement a digital marketing promotional strategy, where the strategy implemented is choosing promotional media via television

Based on the results of the researcher's initial observations, pricing at PT Alva Mountindo Medan leads to product prices that are still relatively high compared to products from other competitors which are more affordable. This will of course have a bad impact on the company, considering that prices have a big influence on demand for goods, and prices are also a measure for companies to increase their sales. Increasing sales of a company is supported by paying attention to appropriate distribution channels, so that it can support the smooth distribution of products to consumers. Based on researchers' observations extending from the previous research address similar topics that the distribution channel operated by PT Alva Mountindo Medan experienced several problems in distributing its products. It is known from the results of a survey of wholesalers who have placed orders, that there are complaints due to delays in delivery. This will of course have an effect on increasing the company's sales, where of course the competitors from PT Alva Mountindo Medan will take advantage of PT Alva Mountindo Medan's distribution problems, by making better deliveries, so that PT Alva Mountindo will lose its consumers.

Based on data, sales of Indodairy products at the company PT Alva Mountindo Medan have decreased from 2018 to 2020. The following is sales data for Indodairy products at PT Alva Mountindo Medan which has been summarized in the period 2018 to 2020 on average every year from 2018 to 2020. This is certainly not a good thing for the company. If ignored, PT Alva Mountindo will find it difficult to develop and maintain its company, and it is possible that the company could lose in competition where there are many similar business players in the Medan area

Sales is a human activity that aims to fulfill and satisfy needs and desires through an exchange process. (Dilham, 2017). Based on the previous research from the current research scientifically The general objectives of sales within the company are as follows (Yafie, 2016): Goals designed to increase total sales volume or increase sales of more profitable products, Objectives designed to maintain an effective sales position through regular sales visits in order to provide information about new products, Support company growth. This goal can be achieved if sales can be carried out as previously planned. Indicators of sales include, (Safina & Rahayu, 2011) Achieve a certain sales volume, Get a certain profit, Support company growth. Promotion Strategy Promotional strategies are company activities to encourage sales by directing convincing communications to buyers (Inese, 2013). The objectives of the promotional strategy are as follows (Yafie, 2016) such as : Informing, in simple terms this activity is to inform consumers about the company's products, Persuading, promotion activities that are persuasive in nature to encourage consumers to make purchases of the products offered, Remind and retain buyers who will carry out purchase transactions continuously.

Promotion strategy indicators are as follows (Kotler, P., dan Keller, 2013) (Swastha, 2009) like Promotional Messages are a measure of how well promotional messages are carried out and delivered to the market, Promotional Media, is the media used by companies to carry out promotions, Promotion Time, is the length of the promotion carried out by the company, Promotion Frequency, is the number of sales promotions carried out at one time through sales promotion media. Price is the amount of money needed to obtain a number of goods and certain services or a combination of both (Nurcaya, 2011), (Malawat & Putra, 2018). The purpose of determining prices is as follows (Putra, Giardo Permadi; Arifin, 2017) like Survival, is an effort not to take actions to increase profits when the company is in unfavorable market conditions, Profit Maximization, price determination aims to maximize profits in a certain period, Sales Maximization, price determination aims to build market share by selling at a detrimental

initial price, Prestige, the purpose of determining prices here is to position the company's services as exclusive services, ROI (Return on Investment), the aim of determining prices is based on achieving the desired return on investment (ROI) (Fulgencio et al., 2016), (Putra & Aginta, 2019), (Brito, Renata Peregrino de, 2016).

Price indicators are Affordability, Price match with product quality, Matching price with benefits (Azar, 2015). Prices according to capabilities or price competitiveness. Distribution Channels Distribution channels are an organizational device that depends on each other in providing a product for use or consumption by consumers/users (Jannah, 2018). The objectives of distribution channels are as follows (Philip, 2017) such as make it easier for suppliers to distribute their products, Speed up the distribution of products into the hands of consumers, Increase sales, Make it easier for consumers to get the goods they need Distribution channel indicators are (Bati, Putra & Sahla, 2018), (van Praag & van Stel, 2013) such as Location, which is related to product availability in a location that is convenient for potential customers, Inventory, related to the number of products available from the company to consumers, Transportation, related to the method of sending or distributing products, Time, related to the length of time to wait for the product that consumers want (Schutte, 2012), (Note, 2010), (Fulgencio et al., 2016), (Sakarovitch, 2008).

As the research gap result consisted in the business world, company sales will not always increase, of course they will also experience fluctuations or experience a decline in sales. Additionally, in the current Covid 19 pandemic conditions, it does not rule out the possibility that a decline in company sales could occur due to people's reduced purchasing power due to the impact of the Covid 19 pandemic, thus also having an impact on a decline in company sales. The formulation of strategic plan in developing sales is expected to be able to overcome the long-time social problems in the society with the details of what programs address the needs of vulnerable community groups interest. Indicator in measuring the achievement of policy performance is composed of course through planning process involving community member in getting market (Muhammad Umar Maya, Putra., Ami, 2017), (Syarifah, Tengku; Putra & Syarifah, Tengku., M. Umar Maya, 2017), (Putra & Sahla, 2018), (Delvi, 2017), (Syarifah, Tengku., M. Umar Maya, 2017).

Based on the description above, researchers are interested in conducting research entitled Promotional strategy and Prices as well as Distribution channels On Sales Performance In PT Alva Mountindo Medan.

## 2. RESEARCH METHOD

This research was conducted at PT Alva Mountindo Medan which is located at Jl. T.B Simatupang, Gg. Chalk No. 28 Medan Sunggal. The method used in this research is a descriptive research method with a quantitative approach that observed about describing, explaining or summarizing various conditions, situations, phenomena, or various research variables according to events as they are, which can be photographed, interviewed, observed, and which can be expressed through materials. documentary. This research was conducted to test the influence of the Promotion Strategy, Price and Distribution Channel variables on the Sales Increase variable at PT. Alva Mountindo Medan.

The ones that interviewed as the population in this study were wholesalers or cafes subscribed to by business partners of PT Alva Mountindo Medan in the Medan Sunggal area, totaling 128 wholesalers. The sampling technique was by using the Slovin formula. Based on this formula, a sample size of 56 people was obtained.

As the documentation for Data collection techniques for documentation are carried out by conducting observations, interviews, documentation. literature studies conducted from the grand theoretical book as well as the journal and proceeding and questionnaires through a list of questions on the research object that corresponds to the variables such

as promotional strategy, price and distribution channel. The questionnaires through a list of questions on the research object that corresponds to the variables such as promotional strategy, price and distribution channel.

Data Analysis Techniques The data analysis technique used in this research is multiple linear regression such as

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e \text{ that can be determined such as}$$

$$Y = a + b_1 \text{ Promotional Strategy} + b_2 \text{ Price} + b_3 \text{ Distribution Channel} + e$$

### 3. RESULTS AND DISCUSSIONS

Table 1. T-Test Result

| Model                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-----------------------|-----------------------------|------------|---------------------------|-------|------|
|                       | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant)          | 3,205                       | 2,098      |                           | 3,098 | ,000 |
| Promotional Strategy  | 1,115                       | ,131       | ,119                      | 2,873 | ,007 |
| Prices                | 1,382                       | ,131       | ,399                      | 2,919 | ,005 |
| Distribution Channels | 1,358                       | ,129       | ,371                      | 2,771 | ,008 |

The results of partial hypothesis testing (t test) showed that the t value for the promotion strategy variable ( $X_1$ ) was 2.873, greater than the t table value, namely 2.00665 with a significance level of 0.007, smaller than the alpha significant level which had been set at 0.05. Thus,  $H_0$  is rejected and  $H_a$  is accepted, thus partially the promotional strategy ( $X_1$ ) has a positive and significant effect on sales (Y) at PT. Alva Mountindo Medan.

The results of the partial hypothesis test (t test) showed that the calculated t value for the price variable ( $X_2$ ) was 2.919 which was greater than the t table value which was 2.00665 with a significance level of 0.005 which was smaller than the alpha significant level which had been set at 0.05. Thus,  $H_0$  is rejected and  $H_a$  is accepted, thus partially price ( $X_2$ ) has a positive and significant effect on sales (Y) at PT. Alva Mountindo Medan.

The results of partial hypothesis testing (t test) showed that the calculated t value for the distribution channel variable ( $X_3$ ) was 2.771, greater than the t table value, namely 2.00665 with a significance level of 0.008, smaller than the alpha significant level which had been set at 0.05. Thus,  $H_0$  is rejected and  $H_a$  is accepted, thus partially the distribution channel ( $X_3$ ) has a positive and significant effect on sales (Y) at PT. Alva Mountindo Medan.

Table 2. Simultaneous hypothesis testing

| Model        | Sum of Squares | df | Mean Square | F      | Sig.              |
|--------------|----------------|----|-------------|--------|-------------------|
| 1 Regression | 267,766        | 3  | 89,255      | 36,356 | ,000 <sup>b</sup> |
| Residual     | 127,663        | 52 | 2,455       |        |                   |
| Total        | 395,429        | 55 |             |        |                   |

The results of simultaneous hypothesis testing (F Test) showed that the Fcount value of the sales variable (Y) was 36.356 while Ftable was 2.78, so Fcount > Ftable (36.356 > 2.78). With a significance of 0.000, which means it is less than the significance level of 0.05. So it can be concluded that the Promotional Strategy, Price and Distribution Channel variables have a positive and significant effect on Sales at PT. Alva Mountindo Medan. The results of this research are relevant to previous research studies, Sari (2016). The research results show that there is a significant influence of promotion, price and distribution channels. Sales to PT. Alva Mountindo Medan namely: Companies are always looking for new target markets to increase their sales, The company will provide bonuses and discounts to loyal consumers to maintain consumer loyalty, Follow up with

consumers regarding remaining stock of goods, Build trust in the hearts of consumers by providing the best service and quality, Ensure that the products sold are of the best quality and have passed the standards and Provide attractive promotions to lure consumers to buy PT products. Alva Mountindo Medan, for example, buy one get one discount, creates promotional prices or bundling.

Table 3. The Result Of The Coefficient Determination ( $R^2$ )

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | ,823 <sup>a</sup> | ,677     | ,659              | 1,567                      |

This can be seen from the  $R^2$  value obtained by sales of 0.677 which means sales of 67.7%, thus the promotional strategy, price and distribution channel variables simultaneously have a very strong level so they are able to provide an explanation for the sales increase variable. And the remaining 32.3% is explained by other factors such as service quality, location selection, brand which are not included in this research model.

As The discussion of this research is relevant to Azar (2015) that there is a significant influence of promotion. Promotion Strategy at PT. Alva Mountindo namely: Focus market share on wholesalers and cafe owners which is carried out periodically, Focus on product marketing through advertisements published on television and on social media such as Facebook and Instagram, Collaborate with influencers on social media to promote their products through direct testimonials, Offer free samples or sample products to potential consumers, Give awards in the form of direct prizes or attractive incentives to wholesale or cafe owners, Establish good relationships with wholesale or cafe owners and always respond to input from consumers.

As The discussion of this research is relevant to Kotler, P., Dan Keller, K. L (2013). For resulting that there is a significant influence on price. Determination at PT. Alva Mountindo Medan namely: Set an odd price that is slightly lower than the predetermined price so that consumers psychologically assume that the product they want to buy will be cheaper, Provide certain discounts if consumers buy products in certain quantities, Create package or bundling prices to speed up the release of stock, Provide price reductions to consumers who pay their bills earlier than the specified time, Set a buy one get one free price to trigger consumers' desire to buy because they will get two products for one price.

As The discussion of this research are relevant to Yafie, A. S. S. Y. A. (2016) resulted to show that there is a significant influence of distribution channels. Distribution channels at PT. Alva Mountindo Medan namely: Distribution channels implemented by PT. Alva Mountindo Medan is a level one channel, namely through wholesalers or cafes, The marketing department receives orders from consumers by telephone, then records the order and makes duplicate orders, the first order letter is given to the consumer and the second letter is kept by the marketing department as a document or evidence, The means used by companies to send goods to consumers are box cars which have a capacity of 50 to 100 boxes, The company sends goods every day, but at certain wholesalers or cafes, if the existing stock runs out or many consumers need it, the wholesaler or cafe orders by telephone and the company sends the goods a maximum of 2 working days after the order date, Delivery depends on the number of items the consumer will order, the minimum item ordered is 5 to 10 boxes.

#### 4. CONCLUSION

Based on the results of the research that has been carried out along with the results of the data studied, the conclusions that can be drawn are: Promotion Strategy ( $X_1$ ) as theoretical partially has a significant positive effect on Sales (Y). This result is proven by the beta coefficient ( $\beta$ ) value which is positive at 2.873 and the significance value is 0.007

which is smaller than the predetermined significance level of 0.05 (H1 is accepted and H0 is rejected). Price (X<sub>2</sub>) theoretical partially has a significant positive effect on Sales (Y). This result is proven by the beta coefficient ( $\beta$ ) value which is positive at 2.919 and the significance value is 0.005 which is smaller than the predetermined significance level of 0.05 (H2 is accepted and H0 is rejected). Simultaneous statistical test results show that there is a significant positive influence between the Promotion Strategy (X<sub>1</sub>), Price (X<sub>2</sub>) and Distribution Channel (X<sub>3</sub>) variables on the Sales variable (Y). This result is proven by the beta coefficient ( $\beta$ ) value which is positive at 36.356 and a significance value of 0.000 which is smaller than the predetermined significance level of 0.05 (H4 is accepted and H0 is rejected).

For the implementation for the promotional strategy carried out by PT Alva Mountindo Medan, the better the sales generated. As practical, it means that the better the price offered by PT Alva Mountindo Medan, the better the sales generated. This means that the better the promotional strategy, prices and distribution channels implemented jointly by PT Alva Mountindo Medan, the better the sales generated.

As the suggestions and input to PT Alva Mountindo Medan and could serve as a reference for future researchers such as In order to survive and increase its business strength or competitive position, PT Alva Mountindo must improve the promotional strategies that have been carried out in order to achieve the company's goals. Improving promotional strategies through digital marketing such as placing advertisements on social media so that the products offered are better known to the public. Product prices are maintained or continuously increased by applying product prices following market prices and paying attention to prices offered by competitors, and making every effort to ensure that the prices offered are affordable for all levels of society and in accordance with the benefits and quality of the products offered. Distribution channels must be further improved, especially for speed of delivery to consumers, strive for or minimize them so that there are no delays in delivery and improve distribution channels in areas that have not been covered by PT Alva Mountindo Medan's distribution channels in the hope of increasing the company's sales and for the next researchers can add different and more variables to make better input such as competency and work culture.

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