

## STRATEGIC ROLE OF SALES PROMOTION IN INCREASING THE NUMBER OF VERMOX DRUG SALES

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### ABSTRACT

*This study aims to contribute to understanding about strategic role of sales promotion in increasing the number of sales of Vermox worm medicine products. The data used in this study is secondary data which includes sponsorship event costs, window displays, loyalty programs, gimmicks, and price discounts. Multiple linear regression analysis tool is used to show the effect of sales promotion costs on total sales. Hypothesis testing results show that there is a significant influence of Event Sponsorship and Discounts on the number of sales. Window displays, Loyalty and Gimmick Programs have no significant effect on the number of sales. The regression equation in this study is  $Y_1 = 0.071X_1 - 0.001X_2 - 9.563X_3 - 0.001X_4 + 0.038X_5$ .*

**Keywords:** Sales Promotion Costs, Sales Volume, Event Sponsorship, Discounts, Window Display, Loyalty, Gimmick Program

### INTRODUCTION

Indonesia ranks fourth as the country with the most population in the world. This tropical country has a population of around 250 million people. This fact makes Indonesia a prospective market share for industry players, one of them is the Pharmaceutical industry. Every marketing and sales activity needs to set a sales target. This target will be a reference for determining the set of sales strategies that will be used to get maximum profit. Without a sales target, the company's business will not develop (Hermas Puspito, 2013). Data shows that 90 percent of Indonesian children suffer from intestinal worms caused by low sanitation quality. worm medicine has an important role in the prevention and treatment of worm disease.

The opposite phenomenon was shown by the sale of Vermox in the Special Province of Yogyakarta (DIY). Sales figures for 2017 in the area were apparently unable to meet the sales targets set by the company. The achievement of sales targets from month to month seems inconsistent, in the end the total achievement for one year is still below the target set (75%). Buchori (2014) states that sales are selling more goods to more people to buy an item offered by a company that aims to make a profit. The statement shows that the method can be done by increasing the sales volume of Vermox worm medicine in the area of D.I.Yogyakarta. Increased sales volume can increase the possibility of achieving sales targets set by the company.

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Promotional mix aims to increase sales growth and gain profits, meaning that the promotional mix has an influence on the number of sales. Promotion Mix according to Kotler (2017), consisted of five main communication models, which are: advertising, sales promotion, public relations and publicity, personal sales, and direct marketing. Sales promotion is a key element in marketing campaigns. Sales promotion is a collection of incentives that are mostly short-term, designed to stimulate the purchase of certain products or services faster and larger by consumers or customers. The purpose of sales promotion is to get the attention of consumers to certain products, at certain times, and provide useful information to customers at that time and in the future. In addition, sales promotion also aims to increase short-term sales volume in order to expand long-term market share (Alma, 2014).

Wulansari (2013) stated that there is a relationship between sales promotion costs with result/number of sales achievement based on the product moment correlation value indicating a positive number which means a positive correlation. Fakhurazi (2012) through his research showed that there is a positive and significant influence between promotional costs on the number of sales. Manurung (2012) proved that partial discounts and advertising costs have no significant effect on temporary sales while discounting, advertising costs, inventory and advances (money) have a significant effect on sales.

Based on previous theories and research, this study analyzes the effect of sales promotion costs consist of sales promotion tools namely sponsorship events, window displays, loyalty programs, gimmicks, and discounts on the number of sales of Vermox worm drugs achieved by the Pharmaceutical Company in the area DIY.

## **LITERATURE REVIEW**

### **Sales Volume**

Sales are defined as efforts made by humans to deliver goods for those who need money in return at prices determined by a collective agreement (Swastha, 2015). Whereas according to Kotler (2017) sales are interactions between individuals meeting face to face aimed at creating, improving, mastering, or maintaining an exchange relationship that is beneficial to other parties. Referring to the two definitions above, the sale is an effort made by offering a product to consumers in the hope of gaining profit. While the amount of sales is the amount used in a certain period of time obtained in the unit of goods. Wiens (2006) in Fakhurazi (2012) stated that: "Sales volume is the amount seen from the cost relationship in the company that can estimate the sales unit target to obtain the determined profit". Meanwhile, according to Tjiptono (2008), sales volume is the result of the activities of selling from a company that is presented in unit form. Generally sales goals are stated in the number of sales and this goal can be broken down based on the area of operation or salesperson within an operating area.

### **Sales Promotion**

Sales promotion is one of the mix communication that has an important role in order to foster consumer interest in a product, this is because sales promotion is more on providing

incentives for purchases made by consumers. With the incentives provided, new consumers will be interested in trying these products and an encouragement for old consumers to buy more products. Kotler (2017) which has been translated by Hendra Teguh, defined that "sales promotion consists of variety of incentives, mostly short-term, designed to encourage the purchase of certain products / services faster and / or greater by consumers or traders" . According to Tjiptono (2008) that sales promotion is a direct persuasive form through immediate use of products and / or increasing the number of items purchased by customers. Through sales promotion, companies can attract new customers, influence their customers to try new products, encourage customers to buy more, attack competitors' promotional activities, increase buying impulse, or seek closer collaboration with retailers. As for Cannon, *et al.* (2009) suggested that sales promotion refers to promotional activities — in addition to advertising, publicity, and personal sales — that stimulate interest, experiment, or purchase from end customers or others in the channel. Basically, the goal of sales promotion is to encourage consumer purchases the offered products in the hope of increasing the number of sales.

Kotler and Armstrong (2011) discussed more broadly about sales promotion tools which are divided into 3 (three) groups, including 1) promotional-consumer tools including samples, coupons, offer of refund / rebate, price / price pack, gift / premium , specialties promotional items, awards for loyalty / patronage rewards, Point of Purchase promotions, contests, sweepstakes and games; 2) trade-promotion tools, in the form of discounts and waivers; 3) business-promotion tools, where most of the tools used for business promotion are the same as tools used for consumer promotion or trade promotion. According to Buchari (2014), several sales promotion methods are displays consisting of window displays, interior displays, and exterior displays, shows, exposition, demonstration, trading stamps, packaging, labeling, special sales. Terence (2003) in detail discussed that sales promotion will be divided into several more types, namely 1) trade-oriented sales promotions (including: trade allowances, cooperative advertising and seller support programs, contests and trade incentives, special advertising, trade fairs); 2) Consumer-oriented sales promotions (including sampling, coupon giving, premium, promotion of price offs, rebates / refunds, promotion of continuity, internet promotion, Overlay and Tie-in promotion, retailer promotions; 3) Event Sponsorship.

### **Logical Relationship Between Variables**

Sales promotion activities if implemented properly and effectively, can affect where and how consumers spend their income. Alma (2014) suggested that one of the main goals of sales promotion is to increase the number of sales in the short term and expand market share in the long run. In general, companies use sales promotions to increase sluggish sales due to their strong and faster appeal. This is in accordance with what Kotler (2017) revealed because incentive sales promotions are diverse, mostly short-term, designed to encourage the purchase of certain products / services faster and / or larger by consumers or traders. The amount of sales will increase if accompanied by marketing activities including the implementation of sales promotions. This promotional activity certainly requires a fee,

where the cost will be used in the process of information flow or one-way persuasion that is made to direct someone / organization to actions that create an exchange in marketing, and here in after referred to as promotional costs (Swastha, 2015).

Sales promotion activities result in more and more consumers and prospective consumers who know about the existence of the product being offered, and generate interest in the incentives provided through the sales promotion tools so as to be able to win the hearts of consumers to buy them and ultimately increase the number of sales. This proves that there is a relationship between the cost of sales promotion and the number of sales. Wulansari (2013) showed that sales promotion costs have a positive and strong relationship to sales volume. Fakhrurazi (2012) stated that promotional costs consist of sponsorship, brochures / promotional items have a significant influence on sales volume. Wibawanti (2008) stated that the variable costs of banner promotion and X-Banner have a significant effect on sales volume. Dewi (2008), stated that there is an influence of Promotion Variables (with dummy products), Discounts, and Variables (weekend) on sales volume. Based on the results of the study, the following hypotheses can be formulated:

H1: Event sponsorship has a significant effect on the number of sales.

H2: Window Display has a significant effect on the number of sales.

H3: Loyalty program has a significant effect on the number of sales.

H4: Gimmick has a significant effect on the number of sales.

H5: Discounts have a significant effect on the number of sales.

## **METHOD, DATA AND ANALYSIS**

### **Sample Determination**

Samples from secondary data that will be examined are reports on the number of sales of Vermox products and sales promotion costs in DIYogyakarta in 2016-2017 with per-month periode analysis, so that the number n (period) is 24. Regression test calculation in reference to previous research with time series data using periods or n = 6 (Fakhrurazi, 2012); n = 5 (Sugiyono, 2012); n = 16 (Wibawanti, 2008).

### **Types and Data Sources**

The type of data used in this study is secondary data. Data sources used in this study are secondary data derived from internal companies.

### **Analysis Method**

The analysis technique used is descriptive statistical test, classical assumption test, and multiple linear regression test.

Based on the results of multiple linear regression analysis Event Sponsorship (X1), Window Display (X2), Loyalty Program (X3), Gimmick (X4) and Discounts (X5) produce an regression model equation:

$$Y_1 = 0.071X_1 - 0.001X_2 - 9.563X_3 - 0.001X_4 + 0.038X_5$$

From the multiple linear regression equation model 1 above shows that:

- a. The regression coefficient value of Event Sponsorship (X1) of 0.071 is positive, meaning that the increasing Sponsorship Event (X1), the number of sales will increase, or vice versa if the Event Sponsorship (X1) decreases, the number of sales will decrease.
- b. The regression coefficient of Window Display (X2) is -0,001 is negative, which means that the increase in Window Display (X2) will decrease the number of sales, or vice versa if the Window Display (X2) is low/decreasing then the number of sales will increase.
- c. The regression coefficient value of the Loyalty Program (X3) is -9.563 is negative, meaning that if Loyalty Program increases (X2) the number of sales will decrease, or vice versa if the Loyalty Program (X2) decreases then the number of sales will increase.
- d. The regression coefficient value of Gimmick (X4) is -0,001 is negative, which means the more/higher Gimmick value(X4) the number of sales will decrease, or vice versa if the Gimmick ((X4) decreases/low then the number of sales decreases.
- e. Price Discount regression coefficient (X5) is 0.038 positive, which means that the higher the discounted price (X5), the higher the number of sales, or vice versa if the discounted price (X5) is low then the number of sales decreases.

### Hypothesis testing

#### a) Effect of Event Sponsorship (X1) on total Sales

The results of the T test on the effect of Event Sponsorship (X1) on the number of sales by t count = 2.918 with sig. = 0.009. The value of t counts > t table (2.09302) and sig value. <sig.α (0.05), then H0 is rejected and Ha is accepted. So, the hypothesis that states "Event sponsorship has a significant effect on the number of sales" is supported.

#### b) Effect of Window Display (X2) on the number of Sales

The results of the t test on the effect of Window Display (X2) on the number of sales by t count = -1,224 with sig. = 0.236. The value of t count < t table (2.09302) and sig value. > sig.α (0.05), then H0 is accepted and Ha is rejected. That is, the hypothesis that "Window Display has a significant effect on the number of sales" is not supported.

#### c) Influence of the Loyalty Program (X3) on the number of Sales

The results of the t test influence the Loyalty Program (X3) on the number of sales by t count = -3.468 with sig. = 0,000. Because the value of t count < t table (2.09302) and sig value. <sig.α (0.05), then H0 is accepted and Ha is rejected. That is, the hypothesis which states "Loyalty Program has a significant effect on the number of sales" is not supported.

#### d) Effect of Gimmick (X4) on the number of Sales

The effect of Gimmick (X4) on the number of sales is obtained t count = -9.035 with sig. = 0,000. Because the value of t count < t table (2.09302) and sig value. <sig.α (0.05), then H0 is accepted and Ha is rejected. That is, the hypothesis which states "Gimmick has a significant effect on the number of sales" is not supported.

#### e) Effect of Discounts (X5) on the number of Sales

The Influence of Discount Price (X5) on the number of sales, obtained as t count = 49.658 with sig. = 0,000. Because the value of t counts > t table (2.09302) and sig value. <sig.α (0.05),

then  $H_0$  is rejected and  $H_a$  is accepted. That is, the hypothesis of this study stating "Price discount has a significant effect on the number of sales" is supported.

## CONCLUSION

Based on the research that has been done. Then it can be obtained the following conclusions:

1. Event Sponsorship variable has a positive influence on the number of sales.
2. The Window Display variable has a negative influence on the number of sales.
3. Loyalty Program variable has a negative influence on the number of sales.
4. Gimmick variable has a negative influence on the number of sales.
5. Discounts Variable have a positive influence on the number of sales.
6. coefficient determination (Adjusted R Square) is 0.996 indicates that the influence of Event Sponsorship, Window Display, Loyalty, Gimmick, and Discounted Programs on the total sales is 99.6% while the remaining 0.4% is influenced by other variables not examined in this research.

## SUGGESTIONS

Suggestions based on research that has been done, among others:

1. Focusing on sales promotion activities at Vermox sponsorship events and discounted programs in the DIY area, because it proved able to significantly influence the increase in the number of sales of Vermox worm drugs.
2. Loyalty programs, window displays and gimmicks should be stopped because they negatively affect sales volume.

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