

ANALYSIS THE EFFECT OF PROMOTION MIX STRATEGY TO INCREASE SALES ON COSIGNMENT SYSTEM TOWARD FOOD AND BEVERAGE START-UP

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Abstract. *Development of food and beverage industry in Indonesia can be seen clearly. Therefore, the development of food and beverage industry in Indonesia has an impact to the growth of new food and beverage business or we can call the food and beverage start-up business. Based on author's observation, generally start-up business will choose the form of selling that suitable to the budget and capital. For instance, selling on consignment system. However, consignment system has weakness, the weakness is low and long return toward sales in consignment system. One of food and beverage start-up business who has experienced that consignment system has a weakness in sales aspect is Strew it Doughnut Company. The expertise found that promotion has a leverage to the food products purchase, due to faster consumption rates. According to statement above, food and beverage start-up businesses which use consignment as their form of selling should take into consideration about promotion as one of strategy to increasing sales. In this research, the author will analyze the effect of promotion mix strategy to increase sales on consignment system toward food and beverage start-up. The author uses qualitative design to conduct this research. First step is to define the variable of promotion mix through literature review. The second step is to conduct the interview about the promotion mix method with three food and beverage start-up companies which use consignment as their form of selling, there are Futuristea, Puro and Du'crème. Next step is to analyze how each method of promotion mix give an impact to increasing sales in consignment system. The methods of promotion mix consist of advertising, sales promotion, public relation and personal selling. Those methods give diverse effects for their business in consignment system. The final result are sales promotion gives high impact to increasing sales. The second result is advertising and public relation, which give good contribution to increasing sales. Advertising and public relation gives moderate impact to increasing sales and the last is personal selling which has no impact to increasing sales.*

Keywords: promotion mix, consignment, sales

1. Introduction

Development of food and beverage industry in Indonesia can be seen clearly. Therefore, the development of food and beverage industry in Indonesia has an impact to the growth of new food and beverage business or we can call the food and beverage start-up business. Based on author's observation, generally start-up business will choose the form of selling that suitable to the budget and capital. For instance, selling through consignment system. Carlton defined consignment as goods owned by manufacturer which forwarded to the agent, the agent should sell the goods and give the payment from goods sold to the manufacturer based on commission allocation between both parties (1986). Fagel stated that a business which use consignment system does not apply the full process of business, particularly a sales, due to the consignor could not get their payment until

the consignee sold the product to customer, the consignor must manage the consigned inventory as if inventory have not been sold to customer and during that time, consignor can't get the right of payment (1996). This statement proves that consignment has low and long return toward sales for consignor party and consignment system has a shortcoming in sales aspects. In the beginning of Start-up business's cycle, the founders should considering several aspects in business functions, one of them is sales (Ardichvili *et.al* 1998: 55-70). Sales is one of key success factor in business and a start-up company should enhance the sales to keep the business running and also make it growth. One of food and beverage start-up business who has experienced that consignment system has a weakness in sales aspect is Strew it Doughnut Company. The problem of low and long return toward sales in consignment system being faced by Strew it Doughnut Company. The expertise, (Ailawadi and Neslin, 1998) found that promotion has a leverage to the food products purchase, due to faster consumption rates. According to statement above, food and beverage start-up businesses which use consignment as their form of selling should take into consideration about promotion as one of strategy to increasing sales. There is a greatest combination from variables of promotion, called promotion mix. Promotion mix is perfect mixture strategy of advertising, sales promotion, personal selling and public relation with the purpose to selling activities, reach the company's goal and benefit. (Swastha, 1999). Therefore, this research will concern to analyze the effect of promotion mix strategy to increase sales on consignment system toward food and beverage start-up.

2. Literature Review

Carlton (1986) defined consignment as goods owned by manufacturer which forwarded to the agent, the agent should sell the goods and pay the goods that have been sold, to the manufacturer based on calculation of both parties. According to Fagel, consignment system has turned into a method of doing business from selling a simple thing of daily activity human needs to the complex and sophisticated selling in huge retail outlets (1996). The statement above shows that consignment has become a preferable strategy to sell the product in this era. According to (Blackstone and Cox, 2005) consignment is the process where the full ownership of the goods is kept by supplier, supplier delivers goods to retailer, where goods place in some locations, for instance retail, virtually or anywhere, however supplier can get the payment until the goods are sold to customer. The statement above shows that there are some advantages to both parties. In consignment plan, both parties get their own benefits; supplier can get the payment and retailer does not need to have expansive capital venture to bear on business (Carlton, 1996). In the other hand, Fagel (1996) stated that a business which use consignment system does not apply the full process of business, particularly a sales. Due to the consignor could not get their payment until the consignee sells the product to customer, the consignor must manage the consigned inventory as if inventory have not been sold to customer, during that time, consignor cannot get the right of payment. Payment mechanism is one of the most important attribute in consignment system (Ratisoontorn, 2012). Consignor's revenue is determined from the specific mechanism in the first agreement between both parties. One of payment mechanism in consignment system, retailer who has authority to determine the percentage of commission between both parties which specifies the supplier's revenue share as a percentage of the retailer's revenue for each unit sold (Wang et al., 2004). On the other hand, in Ru and Wang (2010) stated that supplier is the one who has authority to determine the percentage of commission between both parties, specifying the amount of payment to the supplier for each unit sold at the retailer.

Essentially promotion is a marketing communication which has the function to spread the information, to make an influence and persuade the targeted customer in order to make the targeted customer accept, buy and become loyal to the product that have been offered by the company

(Tjiptono, 2001:219). Tjiptono defined the purpose of promotion are to inform, to persuade, and to remind the customer about the product and the company (2001: 221).

According to Kotler (1997) promotion mix is company responsible to deliver the total promotion budget toward advertising, sales promotion, personal selling and public relation. In the other hand, Swastha (1999) defined promotion mix as perfect mixture strategy of advertising, sales promotion, personal selling and public relation with the purpose to selling activities, reach the company's goal and benefit. Advertising is a non-personal communication which has expense incurred by company, with the aiming of mass media to persuade and affect the audience (Wells, Burnett and Moriarty 2003). As our knowledge, there are several types of advertising. Print media advertising refer to newspaper, magazine, brochure, electronic advertising refer to television, radio, internet through social media and website, and transit advertising such as poster, billboard, banner, and sticker. The purpose of companies spend huge money on advertisement are reach the sales and customer loyalty (Nezakatil, 2011). According to Kotler, sales promotion is a short-term incentive to push desire to try and buy product or service (2003). Totten and Block (1994) stated that the term sales promotion is stimulant strategy to accelerate the sales effect. Shimp (2003) defined sales promotion as encouragement to enhance sales used by companies. Sales promotions has various forms, they can be divided into nonmonetary and monetary promotions. Monetary promotions refer to monetary incentives, such as coupons, rebates, and discounts. In contrast, nonmonetary promotions refer to samples, premiums, displays, sweepstakes, and contests (Kwolc and Uncles, 2005; and Luk and Yip, 2008). Sales promotion consist of coupons, samples, in-pack premiums, price-offs, displays, and so on (Robinson and Carmack 1997).

According to Sastradipoetra (2013:194) personal selling is verbal commercial process during buyer or seller in interview situation. Personal selling is potential verbal communication within conversation with one or more prospective buyer to achieve sales program (Kotler, 1993:376). Personal selling refer to intimate communication to convince potential customer to buy goods, service and the other (Futrell, 1992). Public relation considered as process or activity with the aim to communicate a good communication between organization and other parties outside organization (Coulsin and Thomas, 2002). Public relation is management function to build and maintain good relationship between organization and public (Cutlip, Center and Broom, 2005:25). We can assume that public relation is an effort in order to establish and maintain mutual understanding between the company and public.

There are several success factors on achieving the sales goals. Commit to the goals, sets target to the highest. Keep the eyes on upcoming opportunities. Know the style of sales either push or pull. Do what other successful sales people do. Find a mentor, brainstorm the ideas and discuss to a group of people. Get prospects as fast as we can along with the solution. Ask the customer problems and listen (Shaughnessy, 2004).

3. Research Method

In doing the interview, the author of this research will use the semi-structured interview techniques. Semi-structured interview technique is used to gather focused qualitative textual data. This method use a topic guide that has list of questions and topics that need to be covered during the conversation. The interview mostly composed of open-ended question in order to get lengthy and descriptive answers. In doing the interview, discussions may diverge from the interview guide because of the open-ended question, so the interview have to be recorded and transcript the records for analysis. All of the interview will base on the protocol of interview as the topic guideline. The

case of this study is start-up in food and beverage industry, which use consignment system as the form of selling. They are Futuristea, Puro and Du'crème. Every companies are start-up in beverage industry. Each companies have established around two years ago. Each companies use consignment system as the form of selling.

4. Result and Discussion

Promotion Mix Method in Food and Beverage Start-up Which Use Consignment System

The author conducted interview with three start-up companies in food and beverage industry, which use consignment system as their form of selling. There are Futuristea, Puro and Du'crème. The author conducted interview to gain the answer about what method of promotion mix, which used in consignment system from those companies.

Based on interview with Futuristea, Puro and Du'crème, the author concludes that each companies conduct methods of promotion mix for consignment system. Futuristea, Puro and Du'crème mentioned that advertising has become one of important thing as instrument of promotion mix in consignment system, likewise sales promotion, with variation forms of sales promotion which made by each companies, however these start-up have same motives behind sales promotion, the intentions are to increasing sales and attract customer, so they will directly buy the product. Same case with public relation, each companies have similar purpose of using public relation. The purpose of public relation in consignment system is to maintain the good relationship and communication between the companies and the management of consignment parties. For personal selling, the personal selling method in Futuristea and Du'crème do not have direct impact to consignment system, but these two companies utilize personal selling as connection in order to customer can come to their consignment places to buy the product. Different case with Puro, due to Puro focuses in retail consignment places. Puro has a plan to use personal selling by having cooperation with retail management to provide the salesperson. The purpose is to give personal message and influence customer to buy the product.

The result from interview with Futuristea, Puro and Ducreme is each companies conduct promotion mix method to make their business success and reach company's goal. The methods consist of advertising, sales promotion, public relation and personal selling. Those methods give diverse effects for their business in consignment system.

Comparative Analysis of Promotion Mix

Table 1

Variable	Futuristea		Puro		Du'crème	
	Similarity	Different	Similarity	Different	Similarity	Different
Advertising	<ul style="list-style-type: none"> - Social Media, Instagram - Food blogger 	<ul style="list-style-type: none"> - Put the brand's name in table's number - Facebook fan page 	<ul style="list-style-type: none"> - Social Media, Instagram 	<ul style="list-style-type: none"> - Using brochure 	<ul style="list-style-type: none"> - Social media; Instagram - Using food blogger - Using standing banner 	<ul style="list-style-type: none"> - Using endorse celebgram (Celebrity instagram)

	- Standing banner					
Sales Promotion	- Discount promo - Bundling system	-	- Discount promo - Bonus promo - Bundling system	-	- Discount promo - Bonus promo	-
Personal Selling	- Indirect impact			- Plan to use personal selling	- Indirect impact	
Public Relation	- Public relation with the management of consignment places		- Public relation with the management of consignment places		- Public relation with the management of consignment places	

As we can see in each variables of promotion mix, there are similar patterns for these start-up beverage companies. Futuristea, Puro and Du'crème use social media especially instagram as the main channel to advertise their product. The purpose of social media are to inform customer about the product, information about location where customer can find the product and information about promotion that each companies conducted. Futuristea and Du'crème pays food blogger in instagram to review their product. They also use standing banner in consignment places to introduce and build the awareness about the product's brand. Different with Puro, due to focus on retail, Puro only uses brochure to enlarge and reach more customer in retail. Futuristea uses other social media such as facebook fanpage and Futuristea maintains it frequently. Futuristea also provides the table's number with the brand name of Futuristea, and put it in every consignment places. Different with Du'crème, Du'crème uses endorse celebgram (celebrity instagram), the purpose of endorse celebgram (celebrity instagram) are to convince and influence other customer to see and finally buy the product.

The same pattern of sales promotion which used by the companies is discount, bonus promo and bundling. The function of sales promotion are to stimulant accelerate of sales and influence customer about positive benefit so they want to buy the product. Personal selling does not have direct impact for consignment system, however it affects when Futuristea and Du'crème mentioned the list of consignment places to their customer. The companies expected customer to come to the consignment places after customer knew the list of consignment places. Futuristea and Du'crème.

In public relation, each companies have similar purpose of using public relation. The purpose of public relation in consignment system is to maintain the good relationship and communication between the companies and the management of consignment parties. From the previous analysis, we can conclude that promotion mix proved that promotion mix and its each variables have some impacts increasing sales in business.

Result of Promotion Mix Method Give an Impact to Sales

Table 2

Variable	Futuristea	Puro	Du'creme	Result
Advertising	Increasing sales	Increasing sales	High increasing sales	Moderate
Sales Promotion	High increasing sales	High increasing sales	Increasing sales	High
Personal Selling	No impact	No impact	No impact	No impact
Public Relation	High increasing sales	Increasing sales	Increasing sales	Moderate

The table above shows how each method of promotion mix affects the sales in each companies. The result is sales promotion gives high impact to increasing sales. Based on chapter theoretical foundation, sales promotion is incentive tools which have short term time to stimulate the purchase. This proved through some activities of sales promotion conducted in those companies such as bonus promo, discount, and bundling. The second result is advertising and public relation, which give good contribution to increasing sales, due to advertising, has a purpose to inform and influence the customer. The objectives of advertising also to persuade and affect the audience. Public relation in those companies is used to maintain the good relationship with consignment management or consignee party and the last is personal selling which does not give any impacts to increasing sales in consignment system.

Based on this research, promotion mix variable which has high impact to increasing sales is sales promotion. According to previous finding in theoretical foundation, sales promotion has become a valuable tool for the marketers and its importance has been increasing rapidly over the past few years. Sales promotion theory is the study of increasing short-term sales revenue. Several methods are used to achieve sales goals and one of them is sales promotion. We can assume that one of strategy that should be considered by food and beverage start-up which use consignment system as the form of selling is to enhancing sales is sales promotion.

5. Conclusion

Based on research conducted by the author, the method of promotion mix that gives big impact to increasing sales in consignment system is sales promotion. Sales promotion has high impact to increasing sales in consignment system than the other methods. It was proved to increasing sales on consignment system, because sales promotion is incentive tools, which have short-term time to stimulate the purchase. This proved through some activities of sales promotion conducted by the three companies such as bonus promo, discount, and bundling. The second result is advertising and public relation, which give good contribution to increasing sales, due to advertising, has a purpose to inform and influence the customer. The objectives of advertising also to persuade and affect the audience. Public relation in those companies is used to maintain the good relationship with consignment management or consignee party and the last is personal selling which does not give any impacts to increasing sales in consignment system

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