SUMMARY

SINTA WARDANI. Analysis The Effects of Production Costs, Promotion Costs and Distribution Costs on Company’s Sales of Fast Moving Consumer Goods Industry. Supervised by UJANG SUMARWAN and TUBAGUS NUR AHMAD MAULANA.

Fast moving consumer goods company is a part of a manufacturing company. The difference between manufacturing company with service company due to have production costs that used to produce goods. This production costs is one of the key factors to determine the selling price of a product. The difference with other industries, the end consumers of fast moving consumer goods are scattered in various regions while the end consumers of manufacturing are usually the companies that concentrated in one specific area. In order for the products to be consumed by a variety of people, fast moving consumer goods companies need to sell products in affordable prices. Similarly, to achieve the end consumers, companies require promotion and advertising to introduce the company's products. These activities required costs to implement. The company also requires a good distribution channels as a means of channeling products to the consumer. For the companies to have a good distribution channels, it also required cost. Because of that, production costs, promotion costs, and distribution costs are important elements for companies engaged in the fast moving consumer goods manufacture.

It’s the obligation of every company to build their managements oriented to the company's growth and development through exploiting the whole potential of the resources owned by the company. One of the potential resources is the financial capital resources. The company can obtain capital for the sustainability of its business through two forms namely through portfolio investment and direct investment. Investment portfolio is an investment through capital market in Indonesia Stock Exchange with instruments securities such as stocks and bonds. While, direct investment is known by foreign direct investment and domestic investment, is a form of investment with the build, purchase or acquisition of the company's resources.

The purposes of this study are: (1) to analyze the effect of the production costs on foreign direct investment and domestic investment companies’ sales, (2) to analyze the effect of the promotion costs on foreign direct investment and domestic investment companies’ sales, (3) to analyze the effect of the distribution costs on foreign direct investment and domestic investment companies’ sales, (4) to analyze the effect of the production costs, promotion costs and distribution costs simultaneously on foreign direct investment and domestic investment companies’ sales of fast moving consumer goods industry which listed on IDX and to formulate managerial implications related to the results of this study. Data was collected from 29 companies which listed on IDX before year 2006. Secondary data was gathered through consolidated financial statements’ companies for the 2007-2012 years ended. Data panel analysis fixed effect model was used to estimate the effects of production costs, promotion costs and distribution costs on company’s sales of fast moving consumer goods industry.
Based on the results analysis using multiple regression equations through panel data fixed effects model, to determine the effect of production costs, promotion costs, and distribution costs to the companies’ sales, there is positive effect of the independent variables of foreign direct investment companies simultaneously with an R-squared of 99.0913%. Similarly, on the results of domestic investment companies, there is positive effect of the independent variables simultaneously with an R-squared of 99.8364%. The probability of independent variables production costs, promotion costs, and distribution costs on foreign direct investment companies are 0.0004, 0.0013, and 0.0000. This means all the components independent variables production costs, promotion costs, and distribution costs proved to significantly affect the companies’ sales. The probability of independent variables production costs, promotion costs, and distribution costs on domestic investment companies are 0.0000, 0.0857, and 0.00000. These results prove that only independent variables production costs and distribution costs that are proven significantly affect the companies’ sales. To increase the sales, the companies expected to pay attention to production costs, promotion costs, and distribution costs policy. The company should maintain and increase the production costs, promotion costs, and distribution costs policy that have been implemented, to maintain market position.

Key words: production costs, promotion costs, distribution costs, companies’ sales, fixed effect models.