ABSTRACT

An Analysis of Price Reduction’s Effect toward Sale Quantities On Eight Retail Merchandises
(Case Study in Giant Hypermarket Botani Square Bogor)

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A major issue in retailing is determining the promotions and designing them to maximize profit contribution as well as direct consumers’ visit and increase sales. This paper discusses promotion mix strategies which are employed by Giant Hypermarket Botani Square Bogor. This study was mainly developed to examine the impact of price reduction-based promotion toward sale quantities on eight retail merchandises (cooking oil, detergent powder, man shirt, house ware, fresh fruit, meat, ice cream, and bottled juice) and analyze the correlation among its promotion factors. This study used data series of sale quantities actual before and during periodic promotion. The impact of price reduction was evaluated using trend analysis, correlation analysis and multiple regression analysis. First, series data showed that sale quantities during periodic promotion higher than before promotion on all observed products. Trend analysis result also found that price reduction has positive effect to direct and improve sales during periodic promotion was shown by positive gradient. Correlation tests suggested significant correlation between sales and products, sales and periodic promotion, sales and timing effect (weekend/weekday), sales and price reduction, and between sales and percentage of price reduction. The multiple regression model showed that sales were significantly influenced by products, timing effect (weekend/weekday) and percentage of price reduction. This model also indicated sale quantities was different among products and then weekend average sales have a higher quantity than weekday sales for all observed products. Overall, this study summarized that price reduction-based promotion was proven effectively increasing sale.

Keywords : Price Reduction, Promotion, Sales, Giant Hypermarket, Trend Analysis, Correlation Analysis, Multi regression Analysis