

# CHAPTER I

## INTRODUCTION

### 1.1 Background of The Study

Throughout the past recent years, businesses have shown a rapid growth due to the technological advancement. It attracts a lot of new competitors to enter the marketplace because of the efficiency in online world. As a result, a lot of companies are searching new ideas to innovate, so that they can survive and compete in nowadays intense competition. Not only that, companies also tend to search for a new marketing strategy to help them in attracting more and more customers. The business-to-business type of industry is also forced to maximize more on their unique selling proposition, so that they are able to bring more clients in. One of the examples of business-to-business type industry is the distributor of baby stuffs.

According to Margrit (2018), Indonesia has more than 260 million population and also the fourth highest birth rate in Southeast Asia. Baby stuffs are one of the main products that bought by women with the percentage of 51 percent (Margrit, 2018). These insights explain that baby products have a very high demand for Indonesian. As the demand percentage is very high, the supply condition of baby stuffs are also in a high percentage. Because of the intense competition, distributor often faces some problems in sales as their retailers have difficulties to sell those products. Especially with the online competition, some retailers face difficulties to compete and survive, which affected the distributors.

Distributors are competing to increase their sales volume through a lot of aspects. One of the most important aspects that need to be considered for distributors are marketing. Marketing is a bridge to communicate and attract the audiences. It is also the ability to turn the prospect into customers and even to the higher level, which is creating loyal customers. For distributor, it is very important to make the retailers become loyal, which can be really benefited the company in terms of sales revenue. This is all possible if the company has a strong marketing strategy, so that they are able to attract retailers and maintain those existing retailers. Marketing strategy is also a very important aspect for business owners to grow and survive in the business world.

Marketing strategy is part of the marketing process that need to be done by the company to maximize the company's growth. As explained by Varadajan (2017), marketing strategy can be defined as the company's pattern of decision making that concerns in products, marketing activities and marketing resources in the creation, communication or delivery a product by which offers value to customers in exchanges with the company and enables company to achieve their goals or objectives. On the other hand, sales volume is the quantity of items a business sells during a given period (Codjia, 2017).

CV. Calvin Jaya is the distributor of baby stuffs, located in Cianjur, West Java. The company is located at Perumahan Pesona Cianjur Indah Blok C2 No 2, Cianjur, West Java. The company is actively operated as a distributor of baby stuffs, perfume, and camphor. The reason the author is interested to do research in this company is because there is still no researcher that doing a

research in this company. Then, CV. Calvin Jaya is now the biggest distributor of baby stuff in Cianjur, West Java that has a capability to provide a wide variety of products for their resellers. The company is facing a serious problem in marketing areas especially in sales volume and they find difficulties to solve these problems. Those problems are the declining sales volume in the past several months as a result of intense competition in baby stuffs industry. The reason sales volume is important in CV. Calvin Jaya is because sales volume is important for measuring business growth. Furthermore, understanding the company's sales volume can show which products are and aren't selling. So, the company can increase their profit as they can maximize in the products that are already proven to be sold. Moreover, the company is only focusing on one marketing strategy, which is direct marketing. Currently, CV. Calvin Jaya only relies on their salesperson to sell the products directly to their customers with a traditional way, where the salespeople need to visit the customer's place and giving out the samples for them to try on. Because of it, the company cannot grow as fast as another distributors. This one-kind only marketing strategy is also very limited, especially due to Covid-19 pandemic situation as we need to minimize face to face meeting with other people. With this reason, the company is now facing difficulties in searching the other marketing strategy, so the sales volume can increase. The owner even mentioned that the company is facing a bottom rock as the sales volume in 2020 is very low. The company is a 3-year-old medium-sized firm and still have plenty of room to grow as they are a distributor, however their sales volume is declining drastically since 2020, which is one of the main reasons

why they need to expand their marketing strategies. Moreover, CV. Calvin Jaya also distributes baby products, mask, camphor and perfume in various brands, such as Dodo, Evangeline, Pamperindo, U Mask, Saudi, and many more. The supporting data, which is the declining sales volume detailed to support this research study can be described as follows.

**Table 1.1 Cv. Calvin Jaya Sales Volume**

<b>Year</b>	<b>Month</b>	<b>Total Number of Sales Volume (units)</b>
2018	January – June	24.876
	July - December	24.954
2019	January – June	19.324
	July - December	15.545
2020	January – June	6.446
	July - December	7.454

Source: CV. Calvin Jaya (2021)

As we can see from the table above, the sales volume is getting lower every 6 months. In 2018, the company can sell the total number of 49.830 units of products. The number declined in 2019 as the company can only sell 34.869 units of products. In 2020, the total sales number is significantly dropping to 13.900 units of products only. One of the reasons of the declining sales volume is because there is an intense competition in this business, especially the competition in online. As a lot of online sellers tend to offer lower price, the offline retailers become affected because customers will buy from online more as it is more convenient.

Marketing strategy can bring a positive effect towards company's sales

volume. According to Mohamed et al (2014), marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales volume. Marketing strategy is the fundamental goal of increasing sales and achieving a sustainable competitive advantage (Rotich, 2016). In other words, marketing strategy includes all of the activities either in a short term or long term that have an objective and goal to increase the sales volume.

For this reason, the author has an intention to do this research with the title **“The Effect of Marketing Strategy on Sales Volume in CV. Calvan Jaya in Cianjur, West Java”**

## **1.2 Problem Limitation**

Due to the limitation of time, budget, knowledge, and resources the author has, this research study will only limit and explain more about “Marketing Strategy” effect towards “Sales Volume” at CV. Calvan Jaya, which is located at Perumahan Pesona Cianjur Indah Blok C2 No 2, Cianjur, West Java. This research study will only examine the marketing strategy limited to the marketing mix, which are price, promotion, and place indicators. Also, the sales volume indicators are limited into seller’s condition and abilities, market condition, capital, and organization condition. The data analysis method will only use descriptive statistics (mean, median, mode, standard deviation) and associative quantitative method.

### **1.3 Problem Formulation**

Based on the background of study explained above, the author can formulate some research questions as follow:

1. How is the marketing strategy at CV. Calvin Jaya?
2. How is the sales volume at CV. Calvin Jaya?
3. Does marketing strategy have an effect on sales volume in CV. Calvin Jaya?

### **1.4 Objective of the Research**

The purpose of this research study can be explained as follows:

1. To determine the marketing strategy that CV. Calvin Jaya used
2. To examine the sales volume at CV. Calvin Jaya
3. To know and analysis how marketing strategy affects the sales volume at CV. Calvin Jaya.

### **1.5 Benefit of the Research**

#### **1.5.1 Theoretical Benefit**

From this research study, the author can gain a deeper understanding about this topic and the research study can be useful for other researchers in understanding the effect of marketing strategy on sales volume. Furthermore, the author also expects this research study can be used by other parties who are facing the same problem topic in theoretical way.

#### **1.5.2 Practical Benefit**

The practical benefits of this research study can be explained as follow:

1. For the company, this research study is expected to be capable in helping CV. Calvin Jaya in order to maximize their marketing strategy to better level. This is expected to help the company in solving the problem of declining sales volume. All the research outcomes can also help the company in making better marketing decisions in the future.
2. For the author, the research study can be used to improve the author's understanding about this topic. It also helps author to seek problems and find alternative ways to solve those problems. In addition, the author can find the effect or influence of marketing strategy towards sales volume, which can help author to have a broader knowledge in this particular topic.
3. For other researchers, the author also expects that this research study can help and contribute to other parties that encounter the same problem topic. This research study is intended to help researchers in future research about this particular topic.