

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

In these recent years, we can see huge number of entrepreneurs started their very own business in Indonesia. Tokopedia and Gojek are the examples of start-up businesses who successfully run and grow their business. Schumpeter (1965) as cited in Fadlia and Ramadani (2019) defined “entrepreneurs” as individuals who exploit market opportunity through technical or organizational innovation. Based on the site of Indonesia cabinet secretariat, Indonesia in 2019 has approximately 307 startups. Despite of the large numbers of startup businesses, majority of Indonesia local businesses still overwhelmed the number of Indonesia startup company by a huge margin. Believing family business are more trustworthy to manage the business, Ketut (2017) defined an entrepreneurial group that was founded and developed by several members of the family itself are considered as a family business. According to Global Business Indonesia, 95% of Indonesia local businesses are family owned. However, it is believed that the trend of family business in Indonesia will decline due to recent events. Based on Sunlife Financial Inc research (2020), there are several factors that will cause fewer family-owned businesses in future and believe owners will sell their business rather than pass it on to the next generation.

Based on the facts above, we can clearly see the huge number of new businesses emerge in the upcoming years. This will cause even more intense business competition. To keep up with the intense competition, a company should keep improving. It is mentioned, performance measurement in organizations is still largely concentrated on financial data for the purposes of coordination and control (Atkinson & McCrindell, 1997; Atkinson et al., 1997) cited from Wahyuni and Kristanto (2019). There are various variables in a single sheet of a company financial data, and one of them is sales performance. Ghozali. I, Handriani. E, Hersugondo (2018) have done their research to measure the company performance based on the sales growth. Lee (2019) explained, sales performance is the measurement whether the company succeed in achieving their goal set on their marketing strategies.

PT. Cipta Benteng Perkasa is a spice processing company in Medan, which processes various raw spices ingredients such as: candlenuts, cinnamon, and clove. However, their biggest processing factory is in processing cinnamon. PT. Cipta Benteng Perkasa also done their business both locally and internationally. PT. Cipta Benteng Perkasa stock their raw materials from every part of Indonesia, most of the time they bought from Padang and Aceh. Every raw spice ingredient will later be classified into their specific categories based on their characteristics and qualities. Categorized raw spice ingredients will later be processed based on their specific requirements. Majority of the time, high quality processed cinnamon will be exported internationally. Cinnamon used for cooking spices and other culinary purposes are

often exported to Malaysia, and medication purposes will be exported to China. Middle to lower quality processed cinnamon will be sold locally in Medan and other city to the traditional market supplier/distributor, and other business supplier/distributor. In processing cinnamon, it is almost impossible to buy certain type of raw materials to obtain either KA (Cinnamon where the skin has been peeled) and KB (Cinnamon where the skin has not been peeled). Before processing happens, every raw material that just entered the storage should be categorize whether it is possible for them to be processed as a “KA” or “KB”. If it fits “KA” then it should be further categorized which of them fits the category of Cutting (process where cinnamon is being cut to certain length) and which fits the requirements of “KB”. This has caused problem towards PT. Cipta Benteng Perkasa. Every client will have their very own demand. Some of them mostly required “KA-Cutting”, while some of them require KBBC (KB – Broken Chip).

PT. Cipta Benteng Perkasa is a factory which has the business model of “business to business”, therefore simple marketing strategy like product, price, place, and promotion plays an important role in affecting the company sales performance. Similar like other industries, there are various company having their own role in the spice industry. PT. Sari Makmur and PT. SBS which operates in the spice industry as well, PT. Jasum Jaya is one of the biggest cinnamon processing companies in North Sumatera, these companies are considered to be the competitors of PT. Cipta Benteng Perkasa.

**Table 1.1 Sales Data at PT. Cipta Benteng Perkasa (2017-2020)**  
Sales Data at PT. Cipta Benteng Perkasa (2017 – 2020)

Year	1 <sup>st</sup> half	2 <sup>nd</sup> half	%Increase	Total
2020	Rp. 16,240,000,000	Rp. 10,350,000,000	-36.27%	Rp.26,590,000,000
2019	Rp. 16,040,000,000	Rp. 18,670,000,000	16.4%	Rp.34,710,000,000
2018	Rp. 15,075,000,000	Rp. 17,160,000,000	13.83%	Rp.32,235,000,000
2017	Rp. 14,640,000,000	Rp. 16,750,000,000	14.41%	Rp.31,390,000,000

Source: Data Prepared by The Writer (2021)

The data above shows that there is an increase of overall sales by 14.41% from the first half of 2017 to the second half of 2017. In 2018 there is an increase of 13.83% from the first half of 2018 to the second half of 2018. In 2019, there is an increase of 16.4% of their overall sales from the first half of 2019 to the second half of 2019. Different from the past years, in 2020 PT. Cipta Benteng Perkasa had their sales decrease by -36.27% from the first half of 2020 to the second half of 2020. However, the pattern of “sales increase from the first half of the year to the second half of the year” is not valid on 2020 data. We can see that there is a decrease of sales by -36.27%. This was caused by the COVID 19 outbreak in the early of 2020.

The data above shows an increasing trend of overall sales from the year of 2017 – 2019. However, there is a pattern on the data above where the sales are decreasing during the interval from the second half of last year to the first half of the new year and there is an increase of sales from the first half of the year to the second half of the year. One of the things that might affect the increase of sales is marketing strategy. Every company will have the goal of either survive or improve Especially during current intense competitive environment. Every company is trying to achieve competitive advantage on their market through creating products and services that either satisfy or exceed their customer expectations. Therefore, the success of a company is largely determined by the success of their marketing strategies for the products they produce. Laitalul (2020) further explained, marketing efforts that support the success of the company must base on the right marketing concept to determine a marketing strategy that leads to the right target market.

The main purpose of marketing is to understand the demands of consumers for the products or services can be sold by itself. Therefore, in marketing strategy there is marketing mix that often used to determine the best composition of the four marketing variables, to achieve the target market as well as achieve the goals of the company. Based on the facts above, the writer is interested in doing a research and this research is expected to have a result of whether marketing strategy can affect sales performance. Therefore, the company can apply effective marketing strategy to improve their sales performance.

The research will be in the form of thesis entitled **“The Effect of Marketing Strategies Towards Sales Performance at PT. Cipta Benteng Perkasa.”**

## **1.2 Problem Limitation**

Based on the research that has been made by the writer, this research has limited source in marketing strategies as independent variable and sales performance as dependent variable at PT. Cipta Benteng Perkasa in Jl. Penampungan No. 5 Paya Bakung, Medan Medan Binjai Km 14. North Sumatera – Indonesia. Data retrieval process of this research will be conducted through the method of giving survey to selected numbers of employees and dealers from PT. Cipta Benteng Perkasa. This method is known as “Simple Random Sampling” and the writer will use “Simple Linear Regression” using SPSS as a tool of analysis.

## **1.3 Problem Formulation**

Based on the background of the study, the writer is able to have a problem formulation such as:

1. How is the condition of marketing strategies at PT. Cipta Benteng Perkasa?
2. How is the condition of sales performance at PT. Cipta Benteng Perkasa?
3. Do marketing strategies affect sales performance at PT. Cipta Benteng Perkasa?

## **1.4 Research objective**

The purposes of conducting this research study are:

1. To investigate the condition of marketing strategies in PT. Cipta Benteng Perkasa.
2. To identify the condition of PT. Cipta Benteng Perkasa sales performance.
3. To find out how marketing strategies affect the sales performance in PT. Cipta Benteng Perkasa.

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

1. For the company

This research will provide PT. Cipta Benteng Perkasa some information about how marketing strategies can affect their sales performance.

2. For the client

From this research the company will understand how marketing strategies affects their sales performance and makes them to meet or even exceed their client's demand.

3. For researchers

As an additional knowledge, especially about how marketing strategies affect sales performance.

### **1.6 Systems of Writing**

The system of writing in this essay has divided into 5 different chapter and the details will be as follows:

## **CHAPTER I: INTRODUCTION**

In this chapter, the writer describes about how the background of the study, problem limitation, problem formulation, objective of the research, benefit of the research divided into theoretical benefit and practical benefit, and the last one is the systems of writing.

## **CHAPTER II: LITERATIVE REVIEW AND HYPOTHESIS DEVELOPMENT**

In this chapter, the writer describes some theories that are related to the topic of the study, such as job stress, types of job stress, and how job stress effect the employee performance.

## **CHAPTER III: RESEARCH METHODOLOGY**

In this chapter, the writer explains the research design, population and sample, data collection method, operational variable definition and variable measurement and data analysis method.

## **CHAPTER IV: DATA ANALYSIS AND DISCUSSION**

This chapter consists of general view of research object, data analysis and discussion.



## **CHAPTER V: CONCLUSION**

This chapter contains the conclusion, the implication and some recommendation for the future and the suggestion of this research.

