

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

In general, the purpose of establishing a company, among others, is to get the desired profit. The achievement of the company's own goals can be done through marketing activities to sell their products. Marketing activities have a very important meaning and can even be said to be the spearhead of the company. Complex markets, intense competition, and eager consumers are all descriptions of today's competitive marketplace. The tight competition in the business world requires every company to take appropriate steps and strategies to win the competition with competitors in order to maintain their existence and of course maintain and even increase the profits or profits generated. Without the right strategy, the company will not be able to survive because over time competitors will continue to emerge along with increasing consumer demand. This is faced by every profit-seeking company and supermarkets are no exception, namely PT Mulia Kekal Abadi.

In its operations, the company must be able to increase its sales because high sales will affect the company's profit. Many companies are now competing more rapidly in creating products with the latest innovations in order to increase their sales. To be able to face the increasingly rapid competition, the company must be able to create quality products at low costs and competitive selling prices as to attract customers and be able to compete with other

companies. Sales activity is one of the determining factors for optimal profit. Because profits will arise if product sales are greater than the costs incurred. The higher the sales, the higher the company's profit.

There are two important elements in sales activities, namely personal selling and sales promotion. Personal selling is a communication between people, up close and personal pointed toward making, improving, dominating or keeping up with commonly gainful trade associations with different gatherings. Individual selling is important for the showcasing methodology, specifically as a work to impart self assistance items to clients. Individual selling has rules that should be dominated by deals people, including demonstrable skill, the ability to arrange and endeavors to set up associations with customers, both prior to purchasing the item or in the wake of purchasing the item.

Promotion is the correspondence interaction of an organization with current and future invested individuals and society. Promotion is imparting data among merchants and expected purchasers or others in a channel to impact perspectives and conduct. From the definition above, it very well may be presumed that advancement is impacting and convincing objective clients to purchase or redirect acquisition of items created by the company.

Very tight competition makes retail companies, especially supermarkets beat each other to gain market share and top positions in sales. PT Mulia Kekal Abadi is one of the companies engaged in the retail sector, named Mulia Swalayan. Like supermarkets in general, Mulia Swalayan provides a variety of household equipment needs, nine basic needs, school supplies need, health

product needs and other needs. Seeing the growing growth of supermarkets, the researchers chose PT Mulia Kekal Abadi as the object of research.

The product sales data at the company PT Mulia Kekal Abadi can be seen in the sales data table for the 2020 period as follows:

**Table 1.1 Mulia Swalayan's Product Sales Data**

<b>Months</b>	<b>Sales Target (Rp)</b>	<b>Sales Realization (Rp)</b>	<b>Percentage (%)</b>
January	20 mil	15,7 mil	78,5
February	20 mil	15,5 mil	77,5
March	20 mil	12,8 mil	64
April	20 mil	12,2 mil	61
May	20 mil	11,6 mil	58
June	20 mil	9,3 mil	46,5
July	20 mil	9,5 mil	47,5
August	20 mil	10,3 mil	51,5
September	20 mil	10,5 mil	52,5
October	20 mil	9,8 mil	49
November	20 mil	11,1 mll	55,5
December	25 mil	12,2 mll	61

Source: PT Mulia Kekal Abadi (2020)

From table 1.1 above, it can be concluded that there are indications of the company's inability to achieve sales targets and a decline in product sales at Mulia Swalayan.

In order to make good sales, the company conducts personal selling to support its sales activities. Unfortunately, the personal selling carried out by the company's salesmen has many shortcomings. This is evidenced by the number of consumer complaints about the company's personal selling.

The data on consumer complaints regarding Mulia Swalayan's personal selling can be seen in the following table:

**Table 1.2 Consumer Complaints Data on Mulia Swalayan Personal Selling for the 2020 Period**

<b>Months</b>	<b>Number of Complaints</b>	<b>Complaint's Description</b>
January	6	1. Employee does not control the product
February	8	2. Employee does not confirm any sales promotion
March	10	3. Presentation by Employee is not effective
April	11	4. Employee does not understand consumer needs
May	10	5. Employee does not provide solutions for the needs that consumers ask
June	12	6. Employee does not know the advantages of its products compared to competitors' products
July	9	7. Employee has no initiative
August	12	8. Employee does not confirm any sales promotion
September	14	9. Employee does not control the products
October	15	10. Employee does not provide solutions for the needs asked by consumers
November	12	11. Employee does not know the advantages of its products compared to competitors' products
December	9	12. Presentation by Employee is not effective

Source : PT. Mulia Kekal Abadi (2020)

From table 1.2 above it can be concluded that personal selling PT Mulia Kekal Abadi is still having problems, as evidenced by the existence of customer complaints regarding personal selling carried out by PT Mulia Kekal Abadi's employee.

One of the factors that affects the level of product sales is sales promotion. For companies, promotion is an important decision-making factor. Sales promotion is a communication activity between companies and consumers in an effort to influence consumers in purchasing activities according to their wishes and needs. The sales or marketing department of a company will develop promotions to inform about their products to enable them to influence consumers to buy them. Sales promotion conducted by PT Mulia Kekal Abadi is still minimal, this affects not achieving sales targets and declining sales.

The sales promotion data of PT Mulia Kekal Abadi can be seen in table 1.3 as follows:

**Table 1.3 Sales Promotion Data of PT Mulia Kekal Abadi Period 2020**

<b>Months</b>	<b>Types and Forms of Promotion</b>
January	Cashback
February	Angpao for consumers
March	-
April	-
May	-
June	-
July	-
August	Banner
September	Keychain bonus
October	T-shirt
November	Keychain bonus
December	Events in swalayan

Source: PT Mulia Kekal Abadi (2020)

Based on the background above, the researcher is interested in choosing the title **“The Influence of Personal Selling and Sales Promotion on the Effectiveness of Product Sales at PT Mulia Kekal Abadi (Mulia Swalayan)”**

## **1.2 PROBLEM LIMITATION**

The problem limitation is utilized to avoid from anomalies or extending of the topic to ensure the exploration is more coordinated and works with the conversation, hence the examination destinations will be accomplished. Therefore, the writer will set the problem limitation where this research will focus on two variables, namely Personal Selling and Sales Promotion as independent variables (X) and Effectiveness of Product Sales as dependent variable (Y). This research will be conducted in PT Mulia Kekal Abadi (Mulia Swalayan) where the population and samples used are all customers who have shopped and purchased in Mulia Swalayan.

### **1.3 PROBLEM FORMULATION**

Based on the background research, the problem formulation of this research is:

1. Does the Personal Selling have influence towards Effectiveness of Product Sales at PT Mulia Kekal Abadi (Mulia Swalayan)?
2. Does the Sales Promotion have influence towards Effectiveness of Product Sales at PT Mulia Kekal Abadi (Mulia Swalayan)?
3. Does the Personal Selling and Sales Promotion partially have influence towards Effectiveness of Product Sales at PT Mulia Kekal Abadi (Mulia Swalayan)?

### **1.4 OBJECTIVE OF THE RESEARCH**

The study will achieve the following objectives:

1. To examine the influence of Personal Selling towards Effectiveness of Product Sales at Mulia Swalayan
2. To examine the influence of Sales Promotion towards Effectiveness of Product Sales at Mulia Swalayan
3. To examine the influences of Personal Selling and Sales Promotion towards Effectiveness of Product Sales at Mulia Swalayan

### **1.5 BENEFIT OF THE SUBJECTIVE**

#### **1.5.1 THEORETICAL BENEFIT**

Hypothetically, to essayist and peruser, the after effect of this exploration is relied upon to be a reference or contribution for the development of communication science and increase the study of management, especially to determine the effect of Personal Selling and Sales Promotion towards Effectiveness of Product Sales.

### **1.5.2 PRACTICAL BENEFIT**

Practically, to the company, the results of this study are expected to be input for PT Mulia Kekal Abadi (Mulia Swalayan) especially in decision making to determine company policy, helping PT Mulia Kekal Abadi (Mulia Swalayan) solve its problems. As for the writer, this research is expected to provide an overview of the influence of Personal Selling and Sales Promotion towards Effectiveness of Product Sales at PT Mulia Kekal Abadi (Mulia Swalayan). Last but not least, for the reader, this can be beneficial for future reference in conducting further research on Personal Selling and Sales Promotion towards the Effectiveness of Product Sales.

