

MANAGEMENT STRATEGY TO INCREASE SALES OF SUPERIOR PRODUCTS IN KAMPOENG KAJOETANGAN HERITAGE, MALANG

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ABSTRACT

Kampoeng Kajoetangan Heritage has a superior product, namely Onbijtkoek cake, which can be a special souvenir from Malang. To increase its sales, the awareness group of tourism (Pokdarwis) must implement a marketing strategy by determining a selling price (market price). The purpose of the training activity was to determine the market price in order to the Pokdarwis are able to calculate the cost of production and the selling price of the Onbijtkoek cake. The method used is to conduct a training in calculating market prices which was attended by 20 members of Pokdarwis and other MSMEs. The market price is determined by calculating the COGS plus overhead costs and then adding mark up or margin. After calculating all raw materials, packaging costs and other costs, the resulting COGS for one 22x22 cm pan is IDR 37,000, overhead cost Rp.10,500 while the mark-up price is IDR 12,500. Finally the best selling price is IDR. 60,000,-/box.

Keywords: Kajoetangan, Onbijtkoek, Market price, superior

1. INTRODUCTION

All businesses certainly hope to increase their sales in order to make a profit. This horizon of expectations can certainly be achieved with several strategies or can be called strategic management as a route so that expectations of business continuity and profitability can be achieved. Competition is an obstacle that must be faced, so companies must make strategies, talk about strategy management as Terry said in Athia (2020) said that " management is a distinct process consisting of planning, organizing, actuating, and controlling, performed to determine and accomplish stated objectives by the use of human being and other resources"(Athia & Basalamah, 2020). Management is a typical process consisting of planning, organizing, mobilizing and controlling in order to achieve the goals that have been set using human resources and other resources. In addition, added by Herman (2021) defines "management as an art and science of planning, organizing, directing, compiling and supervising human resources to achieve the goals that have been set first"(Herman, 2021).

This is in line with the thinking of Thomas Wheelen in Riyanto (2021) that strategy management is a series of managerial decisions and various activities that determine the

success of a company for the long term (Rijanto, 2021). These activities include the formulation / planning of strategies, implementation / implementation of strategies, and evaluation. In line with the theory of Henry Fayol (Safroni, 2012), "management functions include Planning (planning), Organizing (organizing), Directing (commanding), Coordinating (coordinating), Controlling (controlling)". Meanwhile, according to Fred R. David in Yanto (2020) said "strategy management can be defined as an art and knowledge in formulating, implementing, and evaluating decisions - cross-functional decisions that enable an organization to achieve its goals" (Yanto & Sukanta, 2020).

Determining the selling price of the product is also one of the options to adapt to the market. The price from the buyer's side is a nominal amount that the buyer wants to pay, while from the seller's side is the nominal amount that the buyer wants to offer to the buyer.

Selling is the main activity and it is highly expected to be sustainable by every large company and micro, small and medium enterprises (MSMEs). One of the important things in selling is related to the price, especially the selling price to the customer. According to (De Toni et al., 2017) harga is one of the most flexible elements of the marketing mix, which affects directly and in the short term to the profitability (profit) and cost-effectiveness of the enterprise. His research concluded that the profitability of enterprises is positively influenced by pricing strategies. This means that pricing policy affects profitability so the pricing process is one of the important aspects and cannot be ignored by managers.

Sellers must be able to calculate BPP (cost of goods sold) or Cost of Goods Sold (COGS) which is also called Cost Of Good Sold (COGS) is the amount of expenses and expenses allowed, either directly or indirectly to produce goods or services and places where the goods can be sold or used. Sukirno (2007) explains that COGS is all costs incurred by the company to acquire production factors and raw materials that will be used to make goods or products or services produced by the company. Without knowing the COGS, the seller will only sell his products at unfounded or *based prices*, which can actually result in the company losing. COGS is the sum of all costs incurred directly to obtain or produce goods or services sold. The purpose of determining cogs is to find out the amount of production costs that will be incurred when producing goods or services. Generally, in calculating COGS is the amount of initial inventory plus purchases minus the amount of final inventory. Means it is necessary to understand about the inventory consisting of Raw material inventory, in-process inventory and finished goods inventory

In addition to calculating (COGS) data on other costs such as labor costs, and overhead costs are needed. Added by Kurnia (2016) the purpose and benefit of determining the cost of goods produced is as a basis for setting the selling price; assessing the efficiency of the production process; monitoring the actual cost of production; determining the profit or loss; determining the cost of goods of inventory; consideration in decision making. For this reason, in determining the COGS, the classification of production costs must be correct and clear.

Marketing success is not only limited to pricing without being supported by considerations of production costs, product conditions, distribution channels and promotions used. The understanding of prices relates to the products sold or marketed. Products are not just goods and services, but everything that can be offered to the market to satisfy the needs and desires of consumers through the transaction process. The application of the right price for

the intended market, can provide usability and expansion power with better attractiveness for consumers. Price is an exchange rate between Money and the benefits or augmentation obtained from a product for consumers at a certain time and place. The purpose of pricing can be used to: Achieve a certain Profit, Reduce, prevent competition. For the Manufacturer or Seller that price is a factor that directly affects sales and profits obtained. In general, that price as an indicator of the value of the product offered. The greater the benefits enjoyed by consumers, the greater the exchange rate that consumers spend. When the price offered can be accepted and responded to by purchasing the product and providing satisfactory results, then the sales of the product are also at a satisfactory amount.

For consumers, price has a role in the purchase decision-making process, namely 1) Measuring the purchasing power capability in realizing the expected product demand by comparing various product alternatives based on available prices; 2) Mirroring the image of a product that has a low price gives consumers a perception that the product is of low quality. 3) Can cause loyalty of certain customers who only have price choices in determining the product. This is supported by research Prayogo (2016), Yasin (2014) which states that product quality and price have a positive effect on intentions and purchasing decisions.

Price is a comparison between the value of the product and the exchange rate (currency). The value of the product as a force attached to the product to attract consumers in making purchase decisions, including benefits that can provide a sense of satisfaction for consumers. The exchange rate relates to the purchasing power of the consumer to meet his needs and desires. In general, the selling price of the product is determined by the balance of demand and supply in the market. The determinants of the selling price of the product are not only the cost but the tastes of consumers, the number of competitors entering the market and the selling price determined by competitors which are factors that are difficult to predict so that it will affect the formation of the selling price of the product in the market. So that the selling price can be set adequately, at least it can cover the costs incurred, be able to compete in the market and obtain profits as expected, then one method used is to calculate the selling price.

The selling price is the amount of costs incurred from the time of procurement of raw materials to the final process of products that are ready for sale. For cost of goods sold (COGS) is the price or value of the goods sold.

Food businesses such as culinary or *food and beverage* such as in restaurants, cafes and bakeries certainly have to calculate *food costs*. *Food Cost* is all costs incurred to be able to produce a food and beverage menu with certain recipe standards from ingredients, processing, to becoming a ready-to-sell food and beverage menu per one serving. To calculate food costs, there are two types, namely: *Ideal Food Cost* and *Actual Food Cost*. *The ideal Food Cost* is the percentage of *Food Cost* calculated based on the basic formula (ideal). *Actual Food Cost* is a percentage of *Food Cost* that takes into account the initial and final inventory levels. *The actual Food Cost* will always be higher than the *ideal Food Cost* (In percentage), because during the food or beverage menu production process, more or less there will be wasted ingredients or ingredients used more than the dosage of the recipe.

Too low a set selling price is very risky, because fluctuations in the price of materials are difficult to foresee. Consumers are very sensitive to price increases. Unlike competitors, they can switch options, unless the resulting product is really unique and difficult to imitate. The

advantage of the food business is that the profits obtained can be quite high. Consumers who are already fanatical about certain foods, usually do not really consider the price. Food of the household industry usually has a disadvantage in the calculation of material costs. Because buying materials is not in large quantities, the price per unit of material becomes more expensive.

In the Kampoeng Heritage Kajoetangan neighborhood, there are already many business actors who sell a variety of products and services. However, many of these business actors complain about the difficulty of calculating profits, calculating the cost of goods produced and how to set the selling price for their superior products. There are other complaints in the form of difficulty in managing and calculating raw material stocks that have potential losses if not calculated carefully. Kampoeng Kajoe Tangan (KJT), which is currently known as Kampoeng Heritage Kajoetangan, is one of the most interesting tourist destinations in Malang. With a treat in the form of a variety of photo spots against the backdrop of Dutch buildings, ancient buildings are a very big attraction for tourists, both local and international tourists to visit Kampoeng Heritage Kajoetangan. With the increasing number of tourists visiting KJT, the opportunity to introduce traditional and local products has become the interest of the surrounding community, so new MSMEs have emerged.

One of the STIE Malangkucecwara programs is to provide superior product training for the KJT community, namely by making ontbijkoek bread (Figure 2 and Figure 3) which is a Dutch era cake which is currently still in great demand. After becoming proficient in baking and starting to dare to sell to the public, further discussions took place to maximize sales with a wide variety of strategies.

This activity begins first by providing training on the calculation of COGS (Cost of Goods Produced) (Figure 1), so that MSME actors understand and are fully aware of what the cost of goods produced in their products is. After that, it is explained about how to calculate and take advantage of the production costs that they have calculated. After the price component is understood by KJT MSME players, it is explained further about various pricing strategies. The purpose of holding this training:

1. To increase the knowledge of the Kampoeng Heritage Malang MSME actors about stratgy pricing strategies)
2. To provide the ability to the community of KAMPOENG Heritage MSME players can apply Pricing Strategy to KJT's superior products

2. METHOD

Community service activities begin with coordination between the community service team (PkM) accompanied by the Head of LPPM and the Head of the Tourism Awareness Group (POKDARWIS) Kampoeng Kajoetangan Heritage (KJT) in malang city onwal Oktober 2021. The purpose of this meeting was to obtain information about the development plan of the KJT and the problems it faced. After that, it was continued by conducting a survey to see the KJT environment while ascertaining the condition of MSMEs and interviews with several MSMEs in the field. At the end of October 2021, a second meeting was held, andthe meeting resulted in an agreement that residents wanted how to create a price strategy that could be applied to

several industries of KJT MSME superior products; as well as discussing the implementation mechanism of this program. In November 2021, a training on Selling Strategies through Market Price was held.

This community service is carried out by providing training and assistance to POKDARWIS and MSME business actors. Training on Market price was carried out offline / face-to-face to 20 mothers while still implementing strict Covid-19 protocols. In the training, they were given examples of calculations to determine the cost of goods produced and the market price of Ontbijkoek cakes which are KJT's superior products. After the training, participants still continue to get guidance both online and offline.

The method used to calculate the market price is to calculate all the materials used to obtain COGS, and then add overhead costs and Margin or Mark up.

Onbijkoek raw material (for 1 baking sheet size 22 x 22 cm) consists of:

4 Egg yolk

2 Egg whites

125 gr of Palm Sugar/Palm suiker

115 gr Low protein wheat flour

25 gr of full cream milk powder

1/2 tbsp Spekoek Seasoning

125 grams of Butter/margarine melted first

1/2 tsp Ginger Powder

50 grams of walnuts, coarsely chopped

The total cost of COGS is all costs incurred to make one onbijkoek cake pan measuring 22x22 cm.

Overhead Costs (indirect costs) consist of:

Price of cardboard packaging and brand stickers/boxes

Use of Gas and listic ovens

Calculation of Selling Price

Calculating the total cost of COGS to make Onbijtkoek cakes 1 baking sheet size 22 x 22 cm

Calculate Selling price = COGS + Overhead Costs + Desired Margin or Mark Up.

3. RESULTS AND DISCUSSION

After training was carried out on determining onbijkoek HPP, participants were given an explanation about determining the selling price that is acceptable to the market but does not harm producers.

From the training on making onbijkoek that has been carried out previously, the materials needed and the costs incurred are as follows:

3.1 Onbijkoek raw material (for 1 baking sheet size 22 x 22 cm)

4 Egg yolk cost = Rp.6.000

2 Egg white cost = Rp.3.000

125 gr of Sugar Palm/Palm suiker cost = Rp.4.000

115 gr Low protein wheat flour cost = Rp.2.000

25 gr of milk powder full cream cost = Rp.3.000
1/2 tbsp Spekoek Seasoning cost = Rp.3.000
125 grams of Butter/margarine melted first cost = Rp.5.000
1/2 tsp Ginger Powder cost = Rp.1.000
50 grams of walnuts, coarsely chopped cost = Rp.10.000
So total COGS = Rp.37.000

Overhead Costs (OC) consist of:

Price of cardboard packaging and sticker brand/box cost = Rp.3.000

Use of Gas and listic oven cost = Rp.7.500

Total OC = Rp.10.500

Total cost of making Onjbojtkoek = COGS + OC = Rp.37.000+Rp.10.500 = Rp.47.500

3.2 Calculation of selling price

There are two types of selling price determination that can be applied as a market price sales strategy, namely:

a. COGS plus BO in addition to margin (e.g. 10% of total costs) so that it becomes

Total cost to make Onbijtkoek cake 1 baking sheet = Rp.47.500

Margin (25%) = Rp.11.875

So that the selling price = Rp.59.375

b.HPP plus BO plus mark up

Total cost to make Onbijtkoek cake 1 baking sheet = Rp.47.500

Mark Up = Rp.12.500

So that the selling price = Rp.60.000

Producers in this case, mothers who are members of Pokdarwis must be smart and observant in determining margins or mark ups, because if the price is felt to be too expensive or there is a slight price difference, it can be inferior to competitors. Consumers are reluctant to buy or will be able to switch options, unless the resulting product is truly unique and difficult to imitate. Or it could be that consumers are already fanatical about the cake, so they don't really consider the price. As a new venture, setting a price that is too high will only make customers come once.

As stated by Sukirno (2007) that price indicators that are important to pay attention to in order for this cake product to be purchased by consumers, they must pay attention to the affordability of the price; the suitability of the price with the quality or taste of the cake; the competitiveness of prices with similar cakes or other souvenirs; the suitability of prices with benefits (for example as souvenirs typical of the city of Malang)



Figure 1. Training to Calculate COGS



Figure 2. cake packaging Figure 3. Onbijkoek cake

4. CONCLUSIONS AND SUGGESTIONS

From the results of training and assistance, the HPP of one onbijkoek cake with a baking sheet size of 22 x 22 cm was obtained for Rp. 47,500. Coupled with a mark up of Rp. 12,500 or a margin of 25%, the startegi market price for the selling price of Onbijkoek cakes is Rp. 60,000 per box.

Suggestions for the sustainability of obnbijkoek sales, KJT should continue to promote the cake through social media, personal or in collaboration with the cultural office and diskoperindakop to hold joint activities to promote kampong tourism.

KJT needs to immediately obtain a business license, halal food, and nutritional content and brand rights. In addition, Pokdarwis must continue to innovate in order to get onbikoek cakes that are more perfect in taste, packaging, and types of variants so that they will be in demand by all circles of society

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