
The Influence of Price Promotion and Discounts on Sales (Study at A Medical Device Company in Medan City)

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ABSTRACT

This study aimed to determine the effect of promotions and price discounts on sales. This research uses quantitative methods. The population in this study is all consumers at a medical device company in Medan City from April to June 2020, totaling 355 buyers. The research sample is 100 consumers, and the determination technique uses random sampling. Data collection methods in this study used observation, interviews, questionnaires, and documentation. The data analysis method used in this study is multiple linear regression analysis. The results showed that partial promotions and price discounts positively and significantly affected sales. Simultaneously promotions and price discounts have a positive and significant effect on sales. In testing the adjusted R square coefficient of determination of 90.4%, the variable promotions and price discounts affect sales.

Keywords: Promotion, Discounts, Sales

INTRODUCTION

The purpose of establishing a company other than to get profit is to continue to grow for the sake of its business continuity. Companies must have the proper management, strategies, and actions to realize these goals. One of the activities that companies often do is carry out marketing strategies such as promotions and price discounts.

Promotion is a marketing activity that proposes additional value from a product to get more than what exists from the product's value within a certain period to encourage consumer purchases and sales force. (Kaveh et al., 2021; Rohiman et al., 2022) Through promotion, the company informs the about the advantages and advantages of the product to the target market, thereby increasing sales of these products. (Adi Wibowo et al., 2022; Jee, 2021)

The primary purpose of company promotion is to attract attention and then impact increasing sales. Promotion is a one-way flow of information or persuasion to guide individuals or organizations in marketing communications. (Sopiani et al., 2022; Yang &

Mattila, 2020) The promotion strategy plans to persuade and stimulate consumers' desire to buy the company's products, which can achieve the goal of increasing sales.

Companies also need to cut prices when dealing with competitors. Companies must pay attention to the price factor because the size of the price dramatically affects companies' competitiveness and consumer purchases of their products. (Cao et al., 2018; McColl et al., 2020) A discount is a company's price discount to increase product sales within a certain period. The purpose of offering price discounts is to increase sales and market share that is declining or dominates the market by reducing costs. The seller's discount price strategy is to increase product or service sales by providing a discount at a predetermined price. (Guha et al., 2018; Jha et al., 2019)

Promotions and price discounts are benchmarks for a company's success in attracting consumer interest. This condition is because consumers are interested in buying the product. (Bandyopadhyay et al., 2021; Ben Said et al., 2019; Jiang & Ma, 2018) Therefore, the right marketing strategy is one way to achieve company goals, namely by knowing the needs and desires of consumers to create the correct product so that it can achieve the goal of increasing sales and winning the competition. (Darmawan et al., 2018; Gorji & Siami, 2020)

One of the medical device companies in the city of Medan hopes to compete with similar entrepreneurs who are geographically close together, not just one or two businesses standing around the area. However, many medical device entrepreneurs are almost close together. Therefore the promotion is carried out to become a separate magnet for consumers to prefer this company as an alternative way to use services in the health sector.

This condition encourages companies to develop effective and targeted promotional strategies, so consumers are interested in buying the products offered. One promotion strategy that is often used is to do promotions in the form of price discounts. Often use discounts to attract consumers because they can attract consumers more quickly and effectively. The following are sales data from one of the medical device companies in Medan City in 2019.

Table 1. Sales Data for a Medical Device Company in Medan City for 2019

No	Month	Items sold per month
1	January	28 unit
2	February	16 unit
3	March	29 unit
4	April	120 unit
5	May	115 unit
6	June	120 unit
7	July	78 unit
8	August	70 unit
9	September	17 unit
10	October	54 unit
11	November	81 unit

12

December

21 unit

Source: One of the Medical Devices Companies in Medan City, Data Processed by Researchers

Table 1 above shows data on medical device sales from January to December, with the total sales of medical devices in the market totaling 749 units. Data on sales of medical devices fluctuate every month. Based on these data, April and June's sales increased. This condition has become a phenomenon for a medical device company in Medan City.

Promotion is essential for companies to maintain continuity and improve sales quality. (Jha et al., 2019; Kaveh et al., 2021) More than increasing marketing activities in marketing company goods or services are needed to use distribution and fixed price channels to develop housing unit models and be supported by promotional activities. Promotion is one of the determining factors for the success of a marketing program. No matter how good the product is, if consumers have never heard of it and are unsure whether it is helpful for them, they will never buy it. Promotion functions to stimulate consumers to make purchases so as to increase sales. The primary purpose of promotion is to provide information, attract attention, and then influence increased sales.

Discounts are the main attraction to attract people to shop or buy a product or item. A price discount is a price-based promotion strategy in which consumers or customers are offered the same product at a reduced price. Discounts are discounts given by the seller to the buyer in appreciation of certain activities from the buyer that are pleasing to the seller. For example, the company provides discounts for the products it sells, including: to increase sales volume and to increase the share of a declining market or dominate a market through lower costs.

Sales are one part of a promotion, and promotion is one part of the overall marketing program. Sale is a comprehensive effort to develop a strategic plan intended to meet buyers' needs and desires to obtain profitable sales. The general purpose of sales within the company is to achieve a particular sales volume, earn profits and support the company's growth and development. To achieve the three objectives, sales executives or sellers should thoroughly carry out. Company leaders, in this case, must also be able to coordinate all existing functions within the company, including the production, personnel, finance, and marketing departments.

The promotion aims to inform, influence, and remind customers about the products being marketed through promotional activities. The company conveys information about the advantages and features of the product to the target market so that, in the end, it can increase sales of these products. As more and more companies produce various products, conditions of intense competition have created market share. As a result, consumers tend to choose products that are well-known and have proven good quality. This condition encourages every company to develop effective promotional strategies that make consumers interested in the products offered.

One of the medical device companies in Medan City carries out promotional activities to attract consumers or customers to increase sales of health products in the world of health in the field of hospital equipment, medicine, and supporting facilities. Many factors need

to consider to achieve quality service. These factors are high-tech equipment, low prices, and satisfaction with using these products, which will increase the hospital's or clinic's prestige. This condition makes the equipment manufacturers in the health sector match what they expect. However, it is not a guarantee that their products will sell well and be known in the market because it also requires good quality goods and promotions carried out by the company. Research conducted by Nurhayati et al., (2023) states that the independent variable (promotion) significantly influences sales. Meanwhile, research conducted by Sopiani et al., (2022) and Putri & Rahmizal, (2022) states that promotion has a significant and positive effect on sales.

One policy that can increase sales is price discounts. (Jee, 2021) Sales are price discounts. Through price discounts provided by the company, buyers will feel interested in making purchases because the quantity they will pay is less than the amount they should. With increased sales, the company's profits can also increase.

One of the medical device companies in Medan City uses a promotional system in the form of price discounts to attract consumers and increase the percentage of sales. One of the medical device companies in the city of Medan hopes that by implementing the discount system, it will be able to compete with similar entrepreneurs who are geographically close together, not just one or two businesses standing around the area. However, many medical device entrepreneurs are almost close together. Therefore, carry out promotions to become a separate magnet for consumers as an alternative way to use services in the health sector. Research conducted by Bandyopadhyay et al., (2021) states that the discount policy significantly affects sales.

METHOD

This research uses quantitative research methods. In this study, a population needs to be the object of research. The world population (population) in the field of statistics means a set of data that is the object of inference. Researchers determined that the population in this study was data from all consumers at a medical device company in Medan City from April to June 2020, totaling 355 buyers. The sample is part of the population whose characteristics are to be studied, scrutinized, investigated, and considered to represent the entire population. The number is less than the total population, so the sample in this study is 100 consumers. The sample collection technique used in this research is the incidental sampling technique. The incidental sampling technique is a sampling technique based on coincidence. That is, anyone who coincidentally/accidentally meets the researcher can be used as a sample if it is deemed that the person met by chance is suitable as a data source. The types of data sources used in this study are primary data sources and secondary data sources.

The data collection method employed observation, interviews, questionnaires, and documentation. Observations are made through direct observation of the object of research. Observations were made to obtain supporting data and interviews and questionnaires. An interview is a process where researchers and respondents conduct face-to-face to obtain information through question and answer to obtain the necessary data. This debriefing was

conducted by consumer researchers who bought equipment from a medical device company in Medan City. The questionnaire collects data through written questions to obtain responses from consumers who have purchased equipment sales at a medical device company in Medan City. Documentation is collecting data by reading and researching documents, books, and literature related to research problems.

RESULTS AND DISCUSSION

The results of the validity test and reliability test of the promotion, discount, and sales variables are as follows:

Table 2. Validity and Reliability Test

X1		X2		Y	
Item	Correlation	Item	Korelasi	Item	Correlation
1	0.872	1	0.580	1	0.428
2	0.844	2	0.665	2	0.565
3	0.594	3	0.524	3	0.698
4	0.551	4	0.711	4	0.648
5	0.581	5	0.705	5	0.636
6	0.519	6	0.535	6	0.510
7	0.557	7	0.669		
8	0.661	8	0.721		
9	0.601				
10	0.433				
Reliability					
Cronbach Alpha					
X1	0,849				
X2	0,878				
Y	0,817				

Based on table 2 above, it knows that the frequency distribution shows that the Promotion variable (X1) consists of 10 statement items, the Price Discount variable (X2) consists of 8 statement items, and the Sales variable (Y) consists of 6 statement items are declared valid or validly examined because the validity value is above 0.300. Furthermore, the table above also shows that the test results show a Cronbach Alpha value greater than 0.60 (r-standard), so it can be concluded that it is reliable.

Next, the researcher analyzes the effect by testing the Multiple Linear Regression variable Promotion and Price Discounts on Sales. The following obtain the equation:

$$Y = 9.345 + 0.216X_1 + 0.219X_2 + e$$

The equation above shows a constant value of 9.345 assuming that the independent variables in the model are equal to zero, the average variable outside the model will still increase sales by 9.345 per unit, or in other words, if the promotion and discount variables are not increased, then the sales constant value is still 9,345 units.

The value of the regression coefficient β_1 of 0.216 in this study explains that the promotion variable (X_1) positively affects sales at a medical device company in Medan City. Furthermore, this condition shows that when the promotion increases by one unit, sales at a medical device company in Medan City will also increase by 0.216 units.

The value of the regression coefficient β_2 of 0.219 in this study explains that the price discount variable (X_2) positively affects sales at a medical device company in Medan City. Furthermore, this condition shows that when the price discount increases by one unit, sales at a medical device company in Medan City will also increase by 0.219 units.

The results of the data analysis explained that the promotion variable had a positive and significant effect on sales at one of the medical device companies in Medan City. This condition means that when promotions increase, sales will also increase and have a significant effect. Promotion is an attempt to notify or offer products or services with the aim of attracting potential customers to buy and one of the goals of promotion is to get increased sales. Therefore, to increase sales, it is hoped that the leadership can increase promotion costs which can increase sales. This research aligns with the theory and research that other researchers have done. Based on this research theory is in line with Foster & Sidharta, (2019) states that promotion is a form of direct persuasion through the use of various incentives that arrange to stimulate immediate product purchases and or increase the number of items purchased by customers through promotions, companies can attract new customers, influence customers to try new products, encourage customers to buy more, attack competitors' promotional activities, increase impulse buying (unplanned purchases), or seek closer cooperation with retailers).

This study's results align with research conducted by Putri & Rahmizal, (2022), stating that the independent variable promotion significantly affects sales. Meanwhile, research conducted by Wahyuni et al., (2022) states that it significantly and positively affects sales.

The results of the data analysis show that the price discount variable has a positive and significant effect on sales at one of the medical device companies in Medan City. This condition means that sales will increase when the price discount increases and have a significant effect. Price discounts are a strategy to maintain consumer loyalty to increase sales. With discounted prices, consumers feel they are getting more benefits and satisfaction in shopping because they feel they are getting products at a reasonable price. This study's results align with the theory and research that other researchers have done. In theory, this research aligns with what was stated by Bandyopadhyay et al., (2021) and McColl et al.,

(2020). Price discounts are official prices given by companies to soft consumers to increase sales of a product or service. Most companies offer discounted prices to match prices in return for consumers to give a detailed response. Companies providing price discounts have various objectives but broadly aim to increase sales volume and increase declining market forces. These results align with research conducted by Putri & Rahmizal, (2022) which states that price discount policies significantly affect sales.

CONCLUSION

Based on the results of the analysis and evaluation regarding the effect of promotions and price discounts on sales at one of the medical device companies in Medan City, the following conclusions are drawn: The results of the t-test partially show that the promotion variable has a positive and significant effect on sales at one of the medical device companies in the city Medan. Then the t-test results showed that the price discount variable partially had a positive and significant effect on one of the medical device companies in Medan City. Finally, the F test results show that the promotion and discount variables positively and significantly affect sales at one of the medical device companies in Medan City. The promotion of medical equipment provider companies enhances through online platforms such as company websites, social media, and e-commerce sites. Conduct marketing campaigns using traditional media such as newspapers, periodicals, or television, as well as online media such as website advertisements, email marketing, and paid social media campaigns, providing health exhibitions to display the offered products and services. This show can be a chance to attract the attention of prospective clients and develop a network with healthcare professionals and related businesses. In addition, offer special offers, such as discounts, discounts, and presents, to new and loyal consumers. This approach can strengthen customer loyalty and attract new clients.

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