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The Influence Product Quality And Promotion Toward Sales Volume At PT. Herbalife Nutrition Club Sisingamangaraja

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Abstract

Nowadays, marketing is the important aspect to run business by offering their product or service, moreover it is a tool to achieve their goals. Marketing is a process of creating, communicating, delivering and exchanging offering that have value for costumers. Marketing strategy use to keep the costumers, get customer satisfaction and increase sales. A lot of businesses try to find good marketing strategy to achieve their goal. Product quality and promotion are the marketing instruments that used to determine the business to achieve their goal. Goals and target must be mentioned and met, competitor strategy analyzes, anticipate and exceed. Through effective use of market and marketing research, an organization should be able to identify the costumer needs and wants and to deliver benefits that will enhance or add to costumer lifestyle, while at the same time ensuring the satisfaction of these needs result in a healthy turnover for the organization. Herbalife is a global nutrition company that has helped people pursue a healthy, active life since 1980. The nutrition, weight-management and personal care products are available exclusively through our more than 2.3 million independent Distributors in more than 75 countries. Herbalife founder Mark Hughes dreamed of "a future brilliant beyond compare" by helping people improve their lives through better nutrition and an unparalleled business opportunity. Herbalife's product range includes protein shakes, protein snacks, nutrition, energy and fitness supplements and personal care products. The Formula 1 protein shake, a soy-based meal-replacement shake, is the company's number one product and was one of the first products sold by the company. The range also includes products for heart health, digestive health, skin care, and the new 24 sports line released in 2011. Some products are vegetarian, kosher or halal, and Herbalife provides testimonials and advice from health professionals as part of their product marketing.

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INTRODUCTION

Nowadays, marketing is the important aspect to run business by offering their product or service, moreover it is a tool to achieve their goals. Marketing is a process of creating, communicating, delivering and exchanging offering that have value for costumers. Marketing strategy use to keep the costumers, get customer satisfaction and increase sales. A lot of businesses try to find good marketing strategy to achieve their goal. Product quality and promotion are the marketing instruments that used to determine the business to achieve their goal. Goals and target must be mentioned and met, competitor strategy analyzes, anticipate and exceed. Through effective use of market and marketing research, an organization should be able to identify the costumer needs and wants and to deliver benefits that will enhance or add to costumer lifestyle, while at the same time ensuring the satisfaction of these needs result in a healthy turnover for the organization.

The product offering, which is the heart of an organization's marketing program, usually is the starting point in creating a marketing mix. A marketing manager cannot determine a price, design a promotion strategy, or create a distribution channel until the firm has a product to sell. Moreover, an excellent distribution channel, a persuasive promotion campaign, and a fair price have no value with a poor or inadequate product offering. Product is a key element in the market offering. Marketing mix planning begins with formulating an offering that brings value to target customers and satisfies their needs. This offering becomes the basis upon which the company builds profitable relationships with customers. The product quality means how good is it. This depends upon various factors which are not the same for all products, example, Food should be fresh and uncontaminated. Furniture should be durable and attractive. Plumbing should not leak. Cars should not break down too easily, and furthermore, should get good gas mileage (or even better, should run on electricity). And so forth.

According to Kotler (2007, p.140) "product quality, customer satisfaction and sales are intimately connected. Higher of quality result in higher level of customer satisfaction and loyalty, which support higher price and often lower cost." While promotion is often seen to contribute significant in an effort to increase company sales promotion is expected to provide information to costumer regarding the existence of a product, whether the old products or new product and it ability to meet, satisfy the need, desires, and convince the buyer will be ongoing viability of the product, so as to make the product eligible to be purchased.

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This happened because they don’t have enough promotion strategy and they don’t have improvement with their product. Herbalife has 3 variant flavors for the milkshake, chocolate, vanilla and strawberry. Herbalife product usually use for diet people or people who want to increase their weight, but some of customer still feel hungry after consume Herbalife nutrition, they said Herbalife nutrition not enough to full their stomach. So because that, not all diet people can success their diet, sometimes there are of them become fatter. So the writer take the product quality become a research

OBJECTIVES

The writer did this research to give the company some recommendation to solve problems in the marketing site. By doing the research, the author could gather information and find the suggestion or recommendation for the problem. The objectives of the research are:

1. To know promotion being implemented in PT Herbalife Nutrition Club Sisingamangaraja branch Medan
2. To identify the criteria of product quality used at PT herbalife Nutrition club sisingamangaraja brand Medan
3. To know is there any influence of product quality and promotion toward sales at PT Herbalife Nutrition club sisingamangaraja branch Medan

LITERATURE REVIEW

Product Quality

The collection of features and characteristics of a product that contribute to its ability to meet given requirements. Early work in controlling product quality was on creating standards for producing acceptable products. By the mid-1950s, mature methods had evolved for controlling quality, including statistical quality control and statistical process control, utilizing sequential sampling techniques for tracking the mean and variance in process performance. During the 1960s, these methods and techniques were extended to the service industry. During 1960–1980, there was a major shift in world markets, with the position of the United States declining while Japan and Europe experienced substantial growth in international markets. Consumers became more conscious of the

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cost and quality of products and services. Firms began to focus on total production systems for achieving quality at minimum cost. This trend has continued, and today the goals of quality control are largely driven by consumer concerns and preferences.

According to Kotler (2007, p.140) “product quality, customer satisfaction and sales are intimatly connected. Higher of quality result in higher level of customer satisfaction and loyalty, which support higher price and often lower cost.” There are three views for describing the overall quality of a product. First is the view of the manufacturer, who is primarily concerned with the design, engineering, and manufacturing processes involved in fabricating the product. Quality is measured by the degree of conformance to predetermined specifications and standards, and deviations from these standards can lead to poor quality and low reliability. Efforts for quality improvement are aimed at eliminating defects (components and subsystems that are out of conformance), the need for scrap and rework, and hence overall reductions in production costs. Second is the view of the consumer or user. To consumers, a high-quality product is one that well satisfies their preferences and expectations. This consideration can include a number of characteristics, some of which contribute little or nothing to the functionality of the product but are significant in providing customer satisfaction. A third view relating to quality is to consider the product itself as a system and to incorporate those characteristics that pertain directly to the operation and functionality of the product. This approach should include overlap of the manufacturer and customer view.

Quality control (QC) is the collection of methods and techniques for ensuring that a product or service is produced and delivered according to given requirements. This includes the development of specifications and standards, performance measures, and tracking procedures, and corrective actions to maintain control. The data collection and analysis functions for quality control involve statistical sampling, estimation of parameters, and construction of various control charts for monitoring the processes in making products. This area of quality control is formally known as statistical process control (SPC) and, along with acceptance sampling, represents the traditional perception of quality management. Statistical process control focuses primarily on the conformance element of quality, and to somewhat less extent on operating performance and durability.

Concurrent engineering, quality function deployment, and total quality management (TQM) are modern management approaches for improving quality through effective planning and integration of design, manufacturing, and materials management functions throughout an organization. Quality improvement programs typically include goals for reducing warranty claims and associated costs because warranty data directly or indirectly impact most of the product quality dimensions The product quality means how good is it. This depends upon various factors which are not the same for all products, example, Food should be fresh and uncontaminated. Furniture should be durable and

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attractive. Plumbing should not leak. Cars should not break down too easily, and furthermore, should get good gas mileage (or even better, should run on electricity). And so forth. Product quality is the characteristic of a product or service that satisfies the customer's wants and needs in exchange for monetary considerations. If the consumer is satisfied that he/she had a fair exchange, then the quality is acceptable. A perception of high quality or that which is above expectations can help to create high brand loyalty and in turn helps create brand equity for the company. If a consumer buys Maytag washers due to past exceptional service, then this quality level has helped create brand loyalty

Promotion

Promotion is a communication tool between a company and consumers. Effective communiocation can give profit for the company such as product purchasing by consumer and consumer's loyalty to the company that in the end it will increase the compay's profit.consumer loyalty become important asset for the company, moreover in business competition that is getting more competitive where many product brands compete to atract consumer attention. According to Kotler (2006), promotion is now more accepted by top management as an effective sales tool. More product manager are qualified to use the sales promotion tools, and product managers are under greater pressure to increase current sales. While promotion is often seen to contribute significant in an effort to increase company sales.promotion is expected to provied information to costumer regarding the existance of a product, whether the old products or new product and it ability to meet, satisfy the need, desires, and convince the buyer will be ongoing viability of the product, so as to make the product eligiable to be purchased. According to Boone and Kutz (2001) promotion is the blend of personal selling and non personal selling (advertising, sales promotion, public relation) use by company to acomplished objective which may increase sales.

METHODS

Research Design

A research design is a framework or blueprint for conducting the marketing research project. It specifies the details of the procedures necessary for obtaining the information needed to structure or solve the marketing research problem. A research design will express both the structure problem and the plan of investigation used to obtain empirical evidence on relations of the problem. The Writer will use two research designs, namely:

1. Descriptive Method It's problem based on current facts of populations which purpose to test a hyphothesis or to answer questions related to current problem or issues that the research was focused. The types of research is also a grouping

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that includes many particular research methodologies and procedures, such as Observation, surveys, self reports, tests, and questionnaire (opened and closed questionnaire).

2. Causal Method Problem characteristic in this research are the correlational relationship between two or more variables. The objective of the research is to determine whether there is any correlation among variables or to make a prediciton according to the correlation among variables. If the correlation between two variables is realtively high, the relationship between variables, may be dependent and independent.

Research Object

A research object is a set of information that consists of the location, time and date, population and the number of sample being taken to conduct the research. It is important for the researcher to properly identify all the research objects. In the research object, the writer will explain about the place and the time of conducting research and also the sample and population that is taken when conducting the research.

Sample is the selection of a fraction of the total amount of units of interest to decisions makers, for the ultimate purpose of being able to draw general conclusions about the entire body of units. “Sample is a subset of all the elements within the population. Sample can also define as a randomly selected group of people or objects from the overall membership pool of a target population”. (Hair, Bush, Ortinau, 2004, p.43) When it is not possible to study an entire population, a smaller sample is taken using a random sampling technique. Slovin's formula allows a researcher to sample the population with a desired degree of accuracy. It gives the researcher an idea of how large his sample size needs to be to ensure a reasonable accuracy of results. If a sample is taken from a population, a formula must be used to take into account confidence levels and margins of error. When taking statistical samples, sometimes a lot is known about a population, sometimes a little and sometimes nothing at all. Slovin's formula is used when nothing about the behavior of a population is known at all.

To use the formula, first figure out what you want your error of tolerance to be. For example, you may be happy with a confidence level of 95 percent (giving a margin error of 0.05), or you may require a tighter accuracy of a 98 percent confidence level (a margin of error of 0.02). Plug your population size and required margin of error into the formula. The result will be the number of samples you need to take.

Correlation Coefficient Analysis

This correlation test that can be used to know the correlation between independent variable and dependent variable to test whether the hypothesis can be accepted or

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rejected. In this research, the writer uses the correlation formula according to Pearson's product-moment, coefficient as follows :

$$r_{xy} = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x^2)(n \sum y^2 - (\sum y)^2)}}$$

The formulation for Correlation Coefficient for three variables

$$R\ x1x2y = \frac{\sqrt{(rx1y)^2 + (rx2y)^2 - 2(rx1y)(rx2y)(rx1x2)}}{\sqrt{1 - (rx1x2)^2}}$$

$$r_{x1x2} = \frac{n \sum x1x2 - (\sum x1)(\sum x2)}{\sqrt{(n \sum x1^2 - (\sum x1^2)(n \sum x2^2 - (\sum x2)^2)}}$$

Where:

r_{xy}	= coefficient of correlation between variable x and variable y
$R\ x1x2y$	= coefficient of correlation between variable x1, x2
and y X1	= Product quality (independet variable)
X2	= Promotion (independent variable)
Y	= Sales Volume (dependet variable)
n	= Total of Sample

Test of determination

The writer uses test of determination to measure how large the product can increase the sales volume. It is the method used to know the influence of Variable X towards Variable Y in percentage. And the calculation will be shown as below :

$$D = r^2 \times 100\%$$

Where :

D = Coefficient of Determination
r = Coefficient of Correlation

Regression Equation

Regression analysis is used in the comparison between two variables or more. If there are two variable in which the independet variable (x1) product quality and (x2) promotion and dependent variable (y) Sales Volume has defined by using multiple regresion method.

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$$Y = a + bX1 + bX2$$

X1 = independet variable 1 (Product Quality) X2 = independet variable 2 (Promotion)
Y = dependent variable (Sales Volume)
α = Constant
b = regression coefficient n = total sample = total sample

$$a = \frac{\sum y - (b \,.\, \sum x)}{n}$$

$$b = \frac{(n \,.\, \sum xy) - (\sum x \,.\, \sum y)}{n \,.\, \sum x^2 - (\sum x)^2}$$

$$r2 = \frac{b1 \sum y\, x1 - b2 \sum y\, x2}{\sum y^2}$$

DISCUSSION

Analysis

Test of determination will enable the writer to identify how large the portion of variable Y is determined by the variable X1 and X2 is. The closer determinant coefficient approach to 100%, the greater influence variable X1 and X1 contribution to the value of variable Y.

Below is the calculation of determinant coefficient:

$$Dx1Y = rx1\ y^2 . 100\% = (0.961)^2 .100\% = 92.351\%$$

The determinant coefficient resulted from the calculation is 92.351% This value of variable Y, sales is influence by product quality. The remaining7.6479% reflects the influence of the other factors

$$Dx2Y = rx2\ y^2 . 100\% = (0.876)^2 .100\% = 76.737\%$$

The determinant coefficient resulted from the calculation is 76.737% This value of variable Y, sales is influence by product quality. The remaining 33.263% reflects the influence of the other factors

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$Dx1x2Y = rx1x2\ y^2$. 100% = $(0.961)^2$ ($0.876)^2$. 100% = 94.284%
The determination coefficient resulted from the calculation indicate the 94.284% in the value variable of Y, sales, is influence by of the other factor.

REGRESSION

Regression analysis is used to identify the relationship between variables. To have the linear regression equation, the writer has to calculate the b and a value first. The formula is shown below:

$$b = \frac{N \cdot \sum xy - (\sum x \cdot \sum y)}{N \cdot \sum x^2 - (\sum x)^2}$$

$$b = \frac{80 \cdot 17150 - (1150 \cdot 1199)}{80 \cdot 17854 - (1150)^2}$$

$$b = \frac{561360 - 135{,}720}{526080 - 121{,}104}$$

$$b = \frac{425640}{404976}$$

$$b = 1.05$$

$$a = \frac{\sum y - (b \cdot \sum x)}{N}$$

$$a = \frac{1199 - (0.44 \cdot 1150)}{20}$$

$$a = \frac{390 - 153.12}{20}$$

$$a = \frac{236.88}{20}$$

$$a = 2.961$$

Y = 2.961 + 1.05x1
X = 0 ⟶ y = 2.961 + 1.05(0) = 2.961
X = 1 ⟶ y = 2.961 + 1.05(1) = 4.011
X = 2 ⟶ y = 2.961 + 1.05(2) = 5.061
X = 3 ⟶ y = 2.961 + 1.05(3) = 6.111
X = 4 ⟶ y = 2.961 + 1.05(4) = 7.161
X = 5 ⟶ y = 2.961 + 1.05(5) = 8.211

Multiple Regressions

$$Y = a + b1X1 + b2X2$$

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$$b1 = \frac{(\sum x2))^2 - (\sum x\,1y\,.) - (\sum x1x2.\sum x2y)}{.(\sum x1)^2\,(\sum x2)^2 - (\sum x1x2)^2}$$

***Z* Test**

Z Test is used to prove the significant correlation between two variables.

If $z_{count}(z_0) > z_{table}$, thus H_0 is rejected or there is a significance level of relationship.
If $z_{count}(z_0) < z_{table}$, thus H_0 is accepted or there is no significance level of relationship.

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