

## BUILDING A MARKETING STRATEGY IN ENHANCING SALES, PROFITABILITY AND FINANCIAL FEASIBILITY OF A NEW BUSINESS A CASE STUDY ON SALTED EGG SAUCE NEW BUSINESS: "DOUBLE WUENAK" (DW)

*Petrus Pius Salamin<sup>a</sup> dan Dewi Ayu<sup>b</sup>*

<sup>a</sup>*Jurusan Manajemen, Fakultas Ekonomi, Unika Atma Jaya, email: petrus.salamin@atmajaya.ac.id*

<sup>b</sup>*Jurusan Manajemen, Fakultas Ekonomi, Unika Atma Jaya, email: de.ayu95@gmail.com*

---

### ABSTRAK

**Tujuan penelitian** – This analysis aims to know the market opportunity, and what marketing strategy to be applied which has impact on enhancing sales, profitability and financial feasibility of this new business.

**Metode Penelitian** - The data used in this analysis is the projection data which is based on market prices this moment, and the price projected for the next five (5) years. Method used in determining market opportunity, and sales projection is opinion method both from the owners it self and the marketer, and methods of experiment and market survey. Methods used in determining the financial feasibility are Present Value (NPV), Profitability Index (PI), Payback Period, and Average Rate of Return (ARR). In enhancing sales, profitability and financial feasibility of this new business it must be supported by an appropriate marketing strategy (Product, Price, Distribution and Promotion strategies).

**Temuan** - The result of market opportunity analysis supported by an appropriate marketing strategy shows that this business is feasible. Potential market/consumers at the first year (2018) is 4.800, and it will increase to 11.520 in 2022, with an average growth of 25% per year. In according to the potential market above, the revenue from sales in 2018 is projected Rp 312.000.000, and it will increase to Rp 864.000.000 in 2022, with an average growth of 29% per year. In line with the above sales, as shown in Pro Forma Income Statement, this business is gaining net profit Rp 48.450.680 in 2018, and it will increase to Rp 451.266.023 in 2022, with an average growth of 76.6% per year. Using the investment criterions such as Net Present Value, Payback Period, Profitability Index, and Average Rate of Return to measure its financial feasibility, this business is feasible. The NPV is positive, and  $PI > 1$ , ARR is 391.1% (3.91), while the Payback Period is only 1 year and 0.2 month.

**Keterbatasan penelitian** - The limitation of this analysis is that it focus on a case, and future projection may be affected by future changes in external factors.

**Kata Kunci:** Market Opportunities, marketing strategy and Financial Feasibility (NPV, PI, Payback Period, and ARR)

---

### INTRODUCTION

"Double Weenak" (DW) is the name (brand) of a new product of salted egg sauce. DW is a new venture founded in 2018. DW salted egg sauce is a kind of seasoning made from salted yolk. This salted egg sauce is useful for healthcare because the yolk is an alternative source for protein adequacy fulfillment. DW salted egg sauce is produced in two variants, i.e. packaging size of 250 ml in a jar, and 500 ml in standing pouch. (pouch salted egg sauce). The vision of the DW salted egg sauce is to be (1) an innovative pioneer in salted egg sauce business, (2) an alternative sauce choice for the consumers, (3) able to cope with the market, (4) a profitable business. In achieving this vision, then, the mission of DW salted egg sauce is producing quality salted egg sauce as a home industry, and expanding market share and increasing sales every year. So, the expected profits increasing from time to time, as well as being able to survive in the long term.

## **FEASIBILITY ANALYSIS METHOD**

The data used, is primary data from market survey, and secondary data. Price data, in particular the price, is the projected data based on the prevailing price in the market at the time of survey, and its future projection. The level of sales (unit) is determined based on the production capacity (i.e. capital, labour and equipment), taking into account the market potential today and in the future, as well as a selling price that is considered reasonable in the market. The projected demand is determined by using methods of opinions, experiment and survey. A survey involving 25 people, in order to know the characteristics of the respondents as the prospective consumers of DW salted egg sauce, competitors of similar businesses, and the factors that influence the consumers decisions in buying DW salted egg sauce. Financial feasibility is measured by using the method of Net Present Value (NPV), Profitability Index (PI), Payback Period, and the Average Rate of Return (ARR).

## **LITERATURE REVIEW**

Literature reviews includes three main factors, i.e. market opportunities, marketing strategy and financial feasibility of the business. Here's the short explanation.

Products offered by a business is to satisfy the needs of a particular target market. Therefore, it needs to be analysed first the potential demand of the target market, by using the method of opinions, methods of test/experiment, survey methods, methods of statistics (Correlation and Regression Time series) and the method of Input Output (Suad Husnan, 2016). Then, a plan or sales target for the future is set after including the management considerations (i.e. internal and external factors). In order to achieve the sales target, it needs to be supported by a marketing strategy. Scarborough (2016) mentions four different marketing strategies, namely product strategy, price strategy, and place strategy. The combination of these four strategies are known as marketing mix.

Scarborough (2016) distinguished two kinds of financial statements, they are the Historical Financial Statements and Pro Forma Financial Statement. The Pro Forma financial statements is a projection or a financial plan for the future. In conjunction with the financial feasibility analysis for a new business, then, the financial plan consists of a plan of the need and use of funds (start-up capital) and Pro Forma Income Statement. As the basis for calculating the financial feasibility, it needs first to calculate the Operational Net Cash Flow or Net Benefit per year of the business. According to Suad Husnan (2016), operational cash flow of the project can be calculated with the formula:  $\text{Net Cash Flow} = \text{Profit After Tax} + \text{Depreciation}$ , or  $\text{NCF} = \text{Profit After Tax} + \text{Depreciation} + \text{Interest} (1 - \text{tax})$ . Furthermore, to measure the financial feasibility can be used the criteria of investments (investment criterions). Suad Husnan (2016) mentions five methods commonly used to assess feasibility of the investment, i.e. the Average Rate of Return (ARR), Net Present Value (NPV), Profitability Index (PI), Payback Period, and Internal Rate of Return (IRR).

## **MARKET OPPORTUNITY**

The market opportunity of DW salted egg sauce as a new product, can be analyzed through various factors that could potentially affect market opportunities of this business, as follows:

### **a. Target Market and Positioning**

The target market of DW salted egg sauce is all ages, young and old, especially around the area of Jakarta. Psychographically, the target market of DW salted egg sauce includes all those who don't have enough time to make their own sauce and prefer instant products due to work, as well as those who love the flavour of the salted egg sauce. The mothers-homemaker who serve dishes and shopping for the family, culinary, restaurant, and individuals who like salted egg sauce in their dish taste creations are also the market target of the DW salted egg

sauce. In line with the target market, DW wants the image (positioning) as the ready-made salted egg sauce product, with typical flavours (creamy flavor), competitive, and scattered in many retailer stores, both in the traditional and modern markets, so it is easy to find.

**b. The condition of competition**

Data from the Ministry of industry, as shown in table 1 below, it is noted that the number of business units engaged in food flavoring and seasoning industry in the year of 2010 to 2013, increased 5.4% per year in average.

Table 1. Business units in the Seasoning and Flavoring Dishes Cookbook of the Year 2010-2013

Type of Industry	2010	2011	2012	2013	Average growth per year
Seasoning & food flavoring	48 unit	61 unit	65 unit	56 unit	5.40 %

Source: [www.kemenperin.go.id](http://www.kemenperin.go.id)

In fact, large companies such as Idofood, ABC, and Hunts dominate tomato sauce market. However, there has been no large companies producing salted egg sauce, unless there are some micro enterprises. Thus, there is a considerable opportunity to set up a small industry processing salted egg sauce.

**c. Lifestyle trend**

The modern lifestyle in which many people or families no longer cook or make their own food by them selves. Many people tend to choose more practical and quicker ways, and no hassle compared with cooking by them selves. In short, the instant culture is growing fast in Indonesia. Seasoning or any kinds of sauce made manually-traditional, now tend to be replaced by the use of ready-made sauce. This lifestyle trend opens opportunities for business in ready-made salted egg sauce.

**d. Market survey result**

The market survey result that has been performed as shown in table 2 below, the majority (55%), of the respondents, are very interested in buying DW salted egg sauce. This illustrates the existence of a business opportunity, that consumers will want to buy the DW salted egg sauce product.

Table 2. The respondent's interest to buy DW Salted Egg Sauce

Respondents Answer	The number of Respondents	Percentage (%)
Very interested	11	55%
Interested	7	35%
Less Interested	2	10%
Not Interested	0	%
Total	20	100%

**e. Sales projections for the next five years**

Having regarded the factors that affect sales, such as target markets, market opportunities as described above, the production capacity, the development plan for the next 5

years, an increasing number of consumers/customers, as well as the increase in prices and costs, then the DW salted egg sauce sales can be projected as shown in table 3 below:

Table 3. The number of retail stores and sales per year

	2018	2019	2020	2021	2022
Retail Shop	20	25	31	39	48
Sales:					
Jar 250 ml	2.400	3.000	3.720	4.680	5.760
(1)	2.400	3.000	3.720	4.680	5.760
Pouch 500 ml (2)					
Total/year	4.800	6.000	7.440	9.360	11.520

Source: writer data projection

In the year of 2018 at least there would be 20 retail stores that selling. DW salted egg sauce, and five (5) years later, in 2022, it will increase to 48 retail stores, with an average growth rates of 25% per year. Sales in unit is projected to increase by 25% per year, along with the business market expansion through retail stores, which are also expected to be increased by 25% per year. This target is very likely to be achieved, given in Jakarta there are thousands of retail stores which sell daily necessities. Next, the expected sales (in Rupiah) for the next five (5) years:

Table 4. Estimated Sales (in RP) of DW Salted Egg Sauce 2018-2022

Size variant	Sales	2018	2019	2020	2021	2022
Jar 250 ml	Unit	2.400.	3.000	3.720	4.680	5.760
	Price	Rp 55.000	Rp.55.000	Rp.60.000	Rp.60.000	Rp.65.000
	<b>Total (1), Rp</b>	<b>32.000.000</b>	<b>165.000.000</b>	<b>223.200.000</b>	<b>280.800.000</b>	<b>374.400.000</b>
Pouch 500 ml	Unit	2.400	3.000	3.720	4.680	5.760
	Price	Rp 75.000	Rp.75.000	Rp.80.000	Rp.80.000	Rp.85.000
	<b>Total (2) Rp</b>	<b>180.000.000</b>	<b>225.000.000</b>	<b>297.600.000</b>	<b>374.400.000</b>	<b>489.600.000</b>
	<b>Total 1,2; Rp</b>	<b>312.000.000</b>	<b>390.000.000</b>	<b>520.800.000</b>	<b>655.200.000</b>	<b>864.000.000</b>

Sources: writer data projection

As shown in table 4 above, total sales (in Rupiah) in 2018 is amounting to Rp 312.000.000, and it is expected to increase to Rp 864.000.000 in 2022. The sales growth rate in average is 29% per year. The price will be increased every two years.

## MARKETING STRATEGY

To achieve sales targets above, then, the strategy undertaken by the DW salted egg sauce includes product, pricing, distribution and promotion strategies.

DW Salted egg sauce produces two kinds of packaging: in the jar of 250 ml, and pouch of 500 ml. Its purpose is to provide an alternative choice for consumers in accordance with their purchasing power. The two kinds of packaging have no difference in quality and taste. To guarantee the quality of products, mainly the raw material used, it is bought from given supplier i.e. from its own salted egg business (which is also owned by the founder of DW salted egg sauce business - her other micro business).

Pricing strategy basically aims to (1) make the product can be received by the consumers (2) be able to maintain and increase market share, (3) able to compete with similar products, and (4) get the profit. DW salted egg sauce sets the price strategy is relative the same with the other similar products (competition based pricing). Pricing is based on the method of cost-based pricing. Sales price: Fixed cost + variable cos + mark up. The maximum profit taken by DW is 40%. The sales price would be increased in every two years. However, as seen in the projected sales for the next five years above, the business is still getting profit. Although there will be an increase in costs, this is offset by the increasing in sales every year; so the business will be still profitable.

Distribution strategy choiced is a selective distribution strategy, that is selling through retail stores, which sell daily necessities goods such as mini market, super market, traditional market etc. Thus, it is possible that this product could be widely spread and easily to find by consumers. As shown in table 3 above, in 2018 DW product spreads at 20 retail stores, and in 2022 increase to 48 retail stores.

Because this business is a new business, it is not known yet to many people. Therefore, promotion is very important for this new business. Promotion both online (social media) and off line (banners and brochures) are distributed primarily in the area surrounding the location of retail stores.

From the descriptions above it could be expected that this business has a good opportunity to be success. This would be clearer as shown in the next projected profit and financial feasibility analysis.

## **PROJECTED PROFIT AND FINANCIAL FEASIBILITY**

### **a. The Start Up Capital Needed**

The start-up capital needed amounting to Rp 50.662.000, consists of Rp30.000.000 for working capital, and Rp. 20,622,000 for fixed assets investment. The details of usage and need of funds can be described as shown in table 5 below:

Table 5. The use and need of funds

<b>Working Capital, used for:</b>	
Cash, buy raw materials, cost of labor, water, electricity, gas refill, supplies, promotions, and others	<b>Rp 30,000,000.00</b>
<b>Fixed Assets Investment :</b>	
Kitchen equipment	Rp 3,772,000.00
Operational equipment	Rp 1,160,000.00
Office equipment	Rp 5,690,000.00
Vehicle (motorcycle)	Rp 10,000,000.00
<b>Total Fixed Assets</b>	<b>Rp 20,622,000.00</b>
<b>Total Initial Investment /Start up capital</b>	<b>Rp 50,622,000.00</b>

### **b. Profit Projection for the next 5 years**

Based on market opportunity analysis and marketing strategies and sales projection described above, as shown in the next. Pro Forma Income Statement, the Profit of this business continually increase in every year. Net profit (profit after tax) in 2018 amounting to

Rp 48.450.680, and it is projected to increase to Rp 451.266.023 in 2022, with an average growth of 76.6 % per year. It is clear that distribution strategy is one of the important marketing strategy. The amount of retail stores who sells the DW salted egg sauce , and its growth every year (as described above) has significant impact on sales and profit growth of this business.

**Pro Forma Income Statement  
DW Salted Egg Sauce  
2018 - 2022**

Description	2018	2019	2020	2021	2022
Sales result	312.000.000	390.000.000	520.800.000	655.200.000	864.000.000
<b>Cost of Goods</b>					
<b>Sales :</b>					
- Raw Material	83.822.920	88.014.066	92.414.769	97.035.508	101.887.283
- Supplies cost	13.968.000	14.666.400	15.399.720	16.169.706	16.978.191
- Gas refill	684.000	718.2001	754.110	791.816	831.406
- Production employee	30.000.000	33.000.000	36.300.000	39.930.000	41926.500
- Utilities	4.320.000	4.752.000	4.968.000	5.832.000	6.048.000
- Kitchen Equipment Depreciation	754.400	754.400	754.000	754.000	754.000
<b>Total Cost of Goods Sold</b>	<b>(133.459.320 )</b>	<b>(141.905.066 )</b>	<b>(150.590.999 )</b>	<b>(160.513.429 )</b>	<b>(168.425.781 )</b>
<b>Gross Profit</b>	<b>178.540.680</b>	<b>248.094.934</b>	<b>370.209.001</b>	<b>494.686.571</b>	<b>695.574.219</b>
<b>Operational Cost:</b>					
- Non production Employee	90.000.000	99.000.000	142.296.036	156.525.636	172.178.196
- Rent	14.400.000	15.120.000	15.840.000	30.720.000	32.040.000
- Internet	4.800.000	5.040.000	5.280.000	6.240.000	6.480.000
- Utilities	2.880.000	3.168.000	3.312.000	3.888.000	4.032.000
- Transportation	1.920.000	2.016.000	2.112.000	4.416.000	4.608.000
- Marketing	9.600.000	10.080.000	10.560.000	12.480.000	12.980.000
- Office Equipment Depreciation	1.370.000	1.370.000	1.370.000	1.370.000	1.370.000
- Vehicle Depreciation	2.000.000	2.000.000	2.000.000	2.000.000	2.000.000
<b>- Total Operational</b>	<b>(126.970.000)</b>	<b>(137.794.000)</b>	<b>(182.770.036)</b>	<b>(217.639.636)</b>	<b>(235.668.196)</b>

<b>Cost</b>	)	)	)	)	)
Income before tax	51.570.680	110.300934	187.438.965	277.046.935	459.906.023
- Tax 1%	3.120.000	3.900.000	5.280.000	6.552.000	8.640.000
<b>- Income After Tax(net profit)</b>	<b>48.450.680</b>	<b>106.400.934</b>	<b>182.158.965</b>	<b>270.494.935</b>	<b>451.266.023</b>

**b. Financial Feasibility**

The financial feasibility of this business is measured by using investment criterions : the methods of Net Present Value, Profitability Index, Payback Period, the Average Rate of Return. It is necessary, first to calculate operational cash flow of this business, by using accounting approach, especially Income Statement, with the formula: Operational Cash Flow = Profit After Tax + Depreciation, as shown in the next table 7 ( Present Value Work Sheet):

Table 6. Present Value Work Sheet

Description	2018	2019	2020	2021	864.000.000
Sales	312.000.000	390.000.000	520.800.000	655.200.000	864.000.000
Revenuet					
Total COGS	(133.459.320 )	(141.905.066)	(150.590.999)	(160.513.429)	(168.425.781)
<b>Gross Profit</b>	<b>178.540.680</b>	<b>248.094.934</b>	<b>370.209.001</b>	<b>494.686.571</b>	<b>695.574.219</b>
-Total Operational Cost	(126.970.000 )	(137.794.000)	(182.770.036)	(217.639.636)	(235.668.196)
Earning after tax	51.570.680	110.300934	187.438.965	277.046.935	459.906.023
-Tax 1%	3.120.000	3.900.000	5.280.000	6.552.000	8.640.000
<b>- Income After Tax</b>	<b>48.450.680</b>	<b>106.400.934</b>	<b>182.158.965</b>	<b>270.494.935</b>	<b>451.266.023</b>
Depreciation	3.874.400	3.874.400	3.874.400	3.874.400	3.874.400
<b>Net operational cash flow</b>	<b>52.325.080</b>	<b>110.275.334</b>	<b>186.033.365</b>	<b>274.369.335</b>	<b>455.140.423</b>
<b>DF (10%)</b>	<b>0.909</b>	<b>0.826</b>	<b>0.751</b>	<b>0.683</b>	<b>0.621</b>
<b>PV</b>	<b>47.563.499</b>	<b>91.087.426</b>	<b>139.711.057</b>	<b>187.394.256</b>	<b>282.642.203</b>

From the table above it can be calculated NPV, PI, Payback Period and ARR of DW salted egg sauce as follows:

1. **NPV** =  $(50.622.000) + \text{Rp.}748.398.441 = \text{Rp.} 697.776.441$   
It can be concluded that the DW salted egg sauce business is feasible, because its NPV is positive.
2. **Profitability Index** =  $748.398.441/50.622.000 = 14.78$ . The  $PI > 1$ ; it means this business is feasible.
3. **Payback Period** =  
Investment =  $\text{Rp.} 52.325.080$   
Proceed(year 1) =  $\text{Rp.}50.622.000$   
 $\text{Rp.} 1.703.080/110.275.334 \times 12 \text{ months} = 0.2 \text{ month}$   
The payback period is 1 year, and 0.2 month. This means that, if the owner desires that the payback period is not more than 2 years, so this business is feasible, and acceptable; and otherwise is not feasible.
4. **Average Rate of Return (ARR)** =  $\text{Average income/average investment} = (788.276.602: 5)/40.311.000 = 157.655.320/40.311.000 \times 100\% = 3.911 = 391.1\%$   
The average rate of return is 391.1%. If the level of benefit required by the owner or investor is 100%, then this business is well worth, because its ARR is higher than required.

## CONCLUSION

DW Salted egg sauce business has a viable market opportunity. An appropriate marketing strategy would enhance sales and profit in the next five years. The increasing in expected sales, supported by a marketing strategy, particularly the distribution strategy, making this business has a good prospects. The growth rate of sales in unit is 25 % per year in average. While the value of sales in rupiah increases by 29% per year in average. The profit average growth rate per year is 76.6% . From the view of The NPV, ARR, PI the DW salted egg sauce business is feasible. Its payback period is only 1 year, 02 month. However, the owner will need to work hard to realize the entire marketing and financial plan, as well as paying attention to the changing of various external factors that affect the business, so the owner can adapt her business strategy to the changing business environment, both regional and national.

## Bibliography

- Cornelia, clara; Petrus Pius Salamin, *Perencanaan Bisnis CC Florist & Decoration*, Proceeding Working Papers Series in Management, Seri 9, November 15, 2017, Program Studi Manajemen Fakultas Ekonomi dan Bisnis Universitas Katolik Indonesia
- Clifton, Jr., David S; David E. Fyffe, *Project Feasibility Analysis, A Guid To Profitable New Ventures*, John Wiley Sons, Georgia & Institute of Technology, 1977
- Hermawan, Francisca; Petrus Pius Salamin; Meiliana, *Analisis SWOT, Bisnis Model Kanvas, dan kelayakan Keuangan, Studi Kasus Bisnis AMIGURUMI M'S CROCHET, Jurnal Ekonomi dan Pembangunan OPTIMUM*, vol. 7, N0. 2, 2017
- Husnan, Suad; Suwarsono Muhammad,, *Studi Kelayakan Proyek Bisnis*, Edisi Kelima, UPP STIM YKPN, Yogyakarta, 2014
- Osterwalder, A;. Pigneur, Y. "*Business Model Generation: Building a Business Model*". Jakarta. ELEX Media Komputindo, 2012
- Miller, Michael, *Alpha Teach Yourself, Business Plans dalam 24 jam*, , Prenada, Jakarta, 2008
- Salamin, Petrus Pius; Francisca Hermawan; Purnama Putri Sari, *Analisis Bisnis Model Kanvas dan Kelayakan Keuangan (Studi Kasus Pada Teri Sambal Terateri)*; Jurnal Manajemen & Bisnis Sriwijaya (JMBS), vol. 15, no. 1, 2017



Salamin, Petrus Pius; Francisca Hermawan; Kevin Setiawan, *Market And Financial Feasibility Analysis: A Case Study On "PONDOK MARANGGI 17" restaurant*, Russian Journal of Agricultural and Socio-Economic (RJOAS), 5(77), May 2018.

Scarborough, Norman M.; Jeffrey R. Cornwall, *Essential of Entrepreneurship and Small Business Management*, Global Edition, Eighth Edition, Pearson Education Limited, 2016

Umar, Husein, *Studi Kelayakan Busines, Teknik Menganalisis Kelayakan Rencana Bisnis secara Komprehensif*, Edisi 3 Revisi, PT Gramedia Pustaka Utama Jakarta, 2007

#### **TENTANG PENULIS**

<b>Penulis Utama</b> Petrus Pius Salamin adalah dosen tetap Unika Atma Jaya pada Fakultas Ekonomi dan Bisnis Jurusan Manajemen. Bidang konsentrasi dan kekhususan topik yang ditekuni adalah: Bidang Manajemen Bisnis  Penulis dapat dihubungi pada email : petrus.salamin@atmajaya.ac.id	<b>Penulis Kedua</b> Dewi Ayu adalah Alumni Fakultas Ekonomi & Bisnis.... Jurusan manajemen. Bidang konsentrasi yang ditekuni adalah Manajemen Bisnis  Penulis dapat dihubungi pada email: de.ayu95@gmail.com
---	---

#### **LAMPIRAN**

-