



COMPARATIVE PRICING STRATEGY WITH COST PLUS PRICING METHOD AND ITS IMPACT ON THE PROFIT OF J'SQUARES BREWED GINGER POWDER

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How to Cite :

Situmorang, S., Izzati, D A, Akbar, F. R., Hidayat, W., Zakiyaa, M. H. 2022. Comparative Pricing Strategy with Cost Plus Pricing Method and Its Impact on The Profit of J'Squares Brewed Ginger Powder. *Journal of Agri Socio Economics and Business*. 4 (2): 141-156. DOI: <https://doi.org/10.31186/jaseb.04.2.141-156>

ABSTRACT

The Coronavirus Disease (Covid-19) pandemic is still becoming a very difficult period for all affected countries thus far because of its multi-sector negative impact on life. Moyu Store Purwokerto is one of the MSMEs assisted by the Faculty of Agriculture, Universitas Jenderal Soedirman under the tutelage of the Tunas Bima program which is engaged in digital marketing with one of its products, the J'Square brewed ginger powder drink. At the beginning of its operation, Moyu Store Purwokerto had difficulty determining its product's selling price. Price is one of the most important components of the marketing strategy as a newcomer. Therefore, this study aims to: (1) Calculate the selling price per unit of J'Square brewed ginger powder drink products, (2) Calculate the cost of production of the J'Square brewed ginger powder drink, (3) Analyzing the effect of the selling price of the J'Square brewed ginger powder drink and the actual selling price of the product on the profit of Moyu Store Purwokerto. The research was conducted using a quantitative descriptive method. The results of the analysis show that the value of HPP and selling price in the calculation using the full costing approach gives a higher value than variable costing. However, the actual selling price is below the resulting variation in the selling price calculation.

ARTICLE HISTORY

Received [02 Jun 2022]

Revised [07 Oct 2022]

Accepted [20 Oct 2022]

KEYWORDS

pricing strategy,
cost plus pricing,
profit,
J'Square's,
brewed ginger powder

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INTRODUCTION

The Coronavirus Disease (Covid-19) pandemic is still a very difficult period for all countries today. This is because Covid-19 endangered people health and also had a negative impact on health, the presence of this virus also has a negative impact on multi-sectoral life (Aeni, 2021). One of the countries that also feel the negative impact of this multi-sector crisis is Indonesia (Junaedi & Salistia, 2020). In the economic sector, the pandemic has not only disrupted the stability of demand and supply of goods/services but also the stability of domestic investment. Furthermore, there was an increase in inflation to a level of 2–4 percent (YoY) until 2021 (Bappenas RI, 2021) and other various forms of economic shock (Ayu & Lahmi, 2020). As a result it had a negative economic problem such as: (a) Massive layoffs (PHK) for reasons of business efficiency and force majeure (Muslim, 2020; Ichsan & Yusuf, 2021), (b) The decrease in the value of the national Manufacturing Purchasing Managers Index (PMI), (c) The decrease in the number and value of imports, (d) The decrease in occupancy of resorts/hotels and cafes, with (e) Flight cancellation (Yamali & Putri, 2020).

Among the various problems that occur in the economic sector, layoffs are one of the problems that need serious attention and immediate solutions are sought. Because in the long term, unemployment has the potential to disrupt national stability and security. Unemployment caused by a pandemic or economic crisis is called conjunctural/ cyclical unemployment. In general, this unemployment should have been having negative impact on people from the middle to lower economic class who have minimal experience and soft skills and have a low level of formal education.

Some solutions that can be done to overcome the problem of that conjunctural or cyclical unemployment includes, retraining, counseling, coaching, mentoring, and job training aimed at people from economically weak groups so that they are able to form themselves into independent workers, based on their respective abilities and interests (Hia, 2013; Alimudin et al., 2018) that can be used to increase the productivity, capabilities, and well-being of individuals or their families. Another solution that can be done is to open the widest possible employment-intensive jobs that are immune to crisis (Alfin, 2021) as known as Medium Small Enterprises (MSMEs) (Anggraeni et al., 2017).

In the explanation of Peraturan Pemerintah Republik Indonesia No. 33 Tahun 2013 (PP Nomor 33 Tahun 2013 Tentang Perluasan Kesempatan Kerja) Unemployment is categorized as a national problem and is the responsibility of the government, local government, and the community. Thus, overcoming unemployment must involve the role of all relevant stakeholders that are integrated across sectors and across communities, including educational institutions. General Sudirman University is one of the State Universities (PTN) in Purwokerto, Central Java that plays an active role in supporting the growth and development of new MSMEs in Purwokerto and Central Java through fostering student entrepreneurship programs.

Some of the student entrepreneurship development programs at Universitas Jenderal Soedirman are: Student Creativity Program (PKM), Entrepreneurship MBKM Program, Entrepreneurial Student Program (PMW), Tunas Bima, Sudirman Creativity Competition (SCC), and so on. Moyu Store Purwokerto is one of the student groups assisted by Universitas Jenderal Soedirman from the Tunas Bima programme. The focus of Moyu Store Purwokerto's business activities is digital marketing with their main product is: a "self-produced ginger powder drink" named J'Square.

J'Square is a new product but not with brewed ginger powder. Previously, there have been similar products such as: Wedang Jahe produced by PT. Forisa Nusapersada, Wedang Bajigur produced by PT. Nutrifood Indonesia, Ginger Wangi

Ginger Tea produced by PT. Gunung Subur Sejahtera, and various similar products are produced by other large and small businesses. These businesses are competitors of Moyu Store Purwokerto. As a newcomer, Moyu Store Purwokerto must be able to read market conditions and develop a competitive marketing strategy which is translated into seven components of the marketing mix. Rachmawati (2011), Selang (2013), Hermawan (2015), and Utami & Firdaus (2018) through their research found that there is a positive and significant relationship between marketing mix to purchasing decisions and consumer loyalty.

One of the components that make up the marketing mix is price. Price is "all forms of monetary costs sacrificed by consumers to obtain, own, and utilize a number of combinations of goods and services from a product" (Kodu, 2013). Compared to other components of the marketing mix, price is the only element that can provide income for producers (Saragih, 2015). Therefore, the accuracy of determining the selling price greatly affects the company's business life cycle. Prices should not be set too high because it can reduce sales volume or too low because it can reduce company profits and pose a risk of loss (Kondoy et al., 2015).

The pricing strategy is oriented to three things, namely: demand, competition, and cost. In the cost-oriented pricing strategy, there are four calculation methods that can be used to set the selling price (Toar et al., 2017) which is: Mark Up Pricing, Cost Plus Pricing, Fixed Fee Pricing, dan Target Pricing. The mark-up pricing method is used to calculate the selling price of the distribution/reselling business activity, while the fixed fee pricing method is used to calculate the selling price of the subscription business activity. In contrast to Toar et al., Kotler in Yanuardi et al (2014) mentions that there are 5 methods that can be used to set the selling price, namely: Mark-Up Pricing, Target Pricing, Perceived Value Pricing, Value Pricing, Going Rate Pricing, and Closed Bidding.

Although different, the cost of goods manufactured from each method can be calculated using the same two approaches, namely Full Costing and Variable Costing (Nurpitasari, 2017; Handayani & Ghofur, 2019). Compared to variable costing, the full costing approach is more popular because it involves elements of Factory Overhead Costs (BOP) AS the basis for calculating costs/ determining selling prices. Based on the consideration of the Moyu Store Purwokerto business condition, the calculation of the selling price of the J'Square brewed ginger powder drink in this study was carried out using the cost-plus pricing method according to the reference from Toar et al. while the cost of production of J'Square brewed ginger powder in this study was calculated using a full costing and variable costing approach.

Currently, the selling price of J'Square brewed ginger powder is still calculated using a simple calculation method. Allegedly, there are components of costs that have not been calculated or there is a determination of profits that are too large as a consequence of this simple calculation method. Therefore, the objectives of this research are to: (a) Calculating the selling price per unit of the J'Square brewed ginger powder drink using the cost-plus pricing method with variations in the percentage of the profit are 15%, 20%, and 25%; (b) Calculating the cost of production of the J'Square brewed ginger powder drink using a full costing approach and variable costing; (c) Analyzing the effect of the selling price of the J'Square brewed ginger powder drink and the actual selling price of the product on Moyu Store Purwokerto's profit using the profitability ratio.

The impact of the selling price on profit which is analyzed using the profitability ratio is the novelty of this research. The amount of variation in the percentage of profit per unit is adjusted to the range of the percentage of the profit of similar companies as

found in the study of Kondoy et al (2015); Nurpitasari (2017); Toar et al (2017); Musyarrofah et al (2021).

RESEARCH METHODS

Method of Collecting Data

This research was conducted in April-May 2022 using primary data obtained through interviews with students who own Moyu Store Purwokerto and documentation. The data used in this study include data on selling prices, production quantities, and details of the production costs of J'Square brewed ginger powder in the form of: raw material costs, direct labor costs, fixed factory overhead costs, variable factory overhead costs, promotion costs, and administrative costs. The range of data used are one production period.

Data Analysis Method

The data that has been collected was analyzed using the descriptive-quantitative method. Prior to analysis, the cost of production (HPP), selling price, Gross Profit Margin (GPM), Net Profit Margin (NPM), and Return on Investment (ROI) per unit product of brewed ginger powder beverage products are calculated first. The Cost of Production of J'Square brewed ginger powder can be calculated using full costing and variable costing with the description of the calculation as presented in Table 1.

Table 1. HPP Calculation Method Using Full Costing and Variable Costing Approach

Cost Element	Full Costing	Variable Costing
BBB	Rp. xxx	Rp. xxx
BTKL	Rp. xxx	Rp. xxx
BOP (Variable)	Rp. xxx	Rp. xxx
BOP (Fixed)	Rp. xxx +	Rp. 0 +
HPP	Rp. xxx (a)	Rp. xxx (b)

Where:

- HPP = Cost of production/ total production cost of brewed ginger powder drink J'Square (Rp),
- BBB = The cost of raw materials for the J'Square brewed ginger powder drink (Rp),
- BTKL = Direct labor costs of J'Square brewed ginger powder (Rp),
- BOP = Factory Overhead Cost of brewed ginger powder drink J'Square (Rp),
- BOP (Fixed) = Overhead cost which value does not change despite changes in business activities (Rp),
- BOP (variable) = Overhead cost which alue changes following changes in business activities (Rp).

After obtaining the HPP value, the selling price of the J'Square brewed ginger powder drink was calculated. The calculation is carried out using the cost-plus pricing method which can be described as presented in Table 2.

Table 2. Selling Price Calculation Method Using The Cost Plus Pricing Method

Cost Element	Full Costing/Variable Costing
HPP	Rp. xxx
Non Production Cost:	
ADV	Rp. xxx
ADM	Rp. xxx
TBO	Rp. xxx
Π	Rp. xxx +
Ps	Rp. xxx (a)
Qp	xxx unit (b)
Ps/Unit	Rp. xxx (a/b)

Where:

- ADV = Promotion cost (Rp),
 ADM = Administration cost (Rp),
 TBO = Total cost of production and non-production cost (Rp),
 Π = Expected profit (Rp),
 Qp = Product quantity produced (unit),
 Ps = Selling price (Rp),
 Ps/ Unit = Selling price per unit (Rp).

After knowing the variation in the selling price per unit of the J'Square brewed ginger powder drink, then an analysis of the profitability ratio (without loan interest costs and income tax) was carried out to determine the impact of variations in the selling price of the J'Square brewed ginger powder drink on the profit earned by Moyu Store Purwokerto. Profitability ratio analysis is not only carried out on the calculation results but also on the actual selling price of the J'Square brewed ginger powder drink. The profitability ratio is calculated using the following mathematical formula:

$$\text{GPM} = \frac{[(Ps \cdot Qs) - \text{HPP}]}{[(Ps \cdot Qs) - \text{return} - \text{discount}]} * 100\% \quad (1)$$

$$\text{NPM} = \frac{[(Ps \cdot Qs) - \text{HPP} - \text{tax}]}{[(Ps \cdot Qs) - \text{return} - \text{discount}]} * 100\% \quad (2)$$

$$\text{ROI} = \frac{[(Ps \cdot Qs) - \text{HPP}]}{\text{asset value}} * 100\% \quad (3)$$

Where:

- Qs = Number of products sold (unit),
 GPM = Gross profit margin (%),
 NPM = Net profit margin (%),
 ROI = Rate of investment (%).

Moyu Store Purwokerto has not paid taxes and does not apply returns or discounts so the value of these three variables does not exist/ zero. The probability ratio value of each variation in the calculation of the selling price and the actual selling price of the J'Square brewed ginger powder drink will be used to perform a comparative analysis in order to obtain a recommendation for the best selling price of the J'Square brewed ginger powder drink.

RESULTS AND DISCUSSION

The Overview of Moyu Store Purwokerto's Business Profile

Moyu Store Purwokerto is a business assisted by Tunas Bima, an entrepreneurship development program under the supervision of Agriculture Faculty, Universitas Jenderal Soedirman. This business is run by three active students from the

D3 Agribusiness study program and one active student from the S1 Agribusiness study program, Faculty of Agriculture, Universitas Jenderal Soedirman. Two of them are in charge of production while the other two members are in charge of marketing (including product photos). The documentation of activities and the form of product packaging is presented in Figure 1.



Figure 1
Activity Documentation (a) and J'Square Brewed Ginger Powder Beverage Packaging Form (b)

The implementation of the production of the J'Square brewed ginger powder drink starts from the ginger cleaning process, ginger grinding, extracting juice, cooking, and packaging. After the ginger is cleaned and cut into small pieces, the ginger pieces are blended until the ginger is smooth. Ginger juice is mixed with auxiliary raw materials and cooked until it boils and thickens. The ginger juice is continuously stirred until it forms powder or crystals and then sifted until it becomes a finer ginger powder.

This product is marketed at a price of Rp. 35,000 per unit via Instagram with the account name: @moyustore_purwokerto and several marketplaces such as: tokopedia, shopee, and Bukalapak. The letter J in the word J'Square is taken from the word ginger (in Indonesian: Jahe) while the word square comes from the shape of the drink which was originally planned to be solid with a rectangular shape but it didn't work. Due to this failure, the brewed ginger powder drink J'Square is sold in the form of ready-to-brewed powder and packaged in one-size plastic bottles weighing 400 grams. This product uses palm sugar as a natural sweetener.

Production Cost

According to Oentoe (2013), production costs are a number of economic sacrifices incurred to convert raw materials into products/services. Based on the results of interviews conducted, the following are some of the costs incurred by Moyu Store Purwokerto in production activities to produce J'Square brewed ginger powder drinks:

Raw Material Cost (BBB)

There are two types of raw materials, namely: main raw materials and auxiliary raw materials. Main raw materials are raw materials needed in the process of making a product or service whose role cannot be replaced by other products, while auxiliary raw materials are raw materials needed in the process of making a product or service whose role can be eliminated or replaced with other products. Details of the raw materials used by Moyu Store Purwokerto are described in Table 3.

Table 3. Details of Raw Material Costs in J'Square Brewed Ginger Powder Drinks Production Activities

	Name of Goods	FC	VC	Amount		Price (Rp)
				Unit	Denomination	
1	Ginger	-	√	5	Kg	149,000
2	Sugar	-	√	8.3	Kg	116,200
3	Clove	-	√	3	Pack	3,857
4	Cinnamon	-	√	1	Pack	3,000
5	Cardamom	-	√	7	Pack	7,000
6	Lemongrass	-	√	1/2	Bunch	8,000
Total of BBB						287,057

Note: FC = Fixed Cost, VC = Variable Cost.

In production activities, Moyu Store Purwokerto uses 6 types of raw materials, namely: ginger, sugar, cloves, cinnamon, cardamom, and lemongrass. The total cost of raw materials incurred is Rp. 287,057. Among all types of raw materials, ginger and sugar are the needs that require the most costs. This is because ginger and sugar are the main raw materials, while cloves, cinnamon, cardamom, and lemongrass are auxiliary raw materials. However, the use of large amounts of sugar is needed to crystalize and balance the taste of ginger so that the resulting powdered beverage products can be enjoyed by consumers. The grouping of palm sugar into supporting raw materials is due to its role as substitute goods in production activities. All costs are a group of variable costs.

Direct Labor Cost (BTKL)

The Human Resources (HR) employed in this activity are students themselves, so the labor costs are calculated on a daily basis so that they are classified in the variable cost category. The number of working days (unit: Working Days/ HOK) required in one production activity is one day. The total workforce is 4 people, but 2 people are actually involved in production activities. The activities carried out are: shopping, washing/ cleaning, peeling, slicing, processing raw materials; tool shopping; tool maintenance; and packaging. The total cost of labor expenditure for one production activity is Rp. 160,000. The details of the direct labor costs are presented in Table 4.

Table 4. Details of Direct Labor Costs in J'Square Brewed Ginger Powder Drinks Production Activity

	Name of Goods	FC	VC	Amount		Price (Rp)
				Unit	Denomination	
1	Operational labor (2 person @ 1 HOK)	-	√	2	HOK	160,000
Total of BTKL						160,000

Note: FC = Fixed Cost, VC = Variable Cost.

Overhead Cost (BOP)

According to Rahayu (2015) and Rosliyati (2015), overhead costs are defined as costs excluding direct material costs and direct labor costs that are difficult to trace or identify in the final product. Based on their nature, overhead costs are grouped into six, namely: (a) Cost of auxiliary materials, (b) Repair and maintenance costs, (c) Indirect labor costs, (d) Costs incurred as a result of the valuation of assets/ depreciation, and (e) Other overhead costs require cash outlay. Category (e) overhead costs are usually incurred for security reasons, for example: insurance costs. The cost of auxiliary materials is the cost that plays a role in completing the production process but has a small composition compared to other costs. Repair costs are maintenance and repair costs for machines or equipment used in business activities. Indirect labor costs are costs incurred to pay employee salaries that are not physically related to production activities. The details of the overhead costs are presented in Table 5.

In this study, the costs of auxiliary materials are included in the calculation of raw materials to facilitate analysis activities because the auxiliary raw materials in this study are all variable costs which are also taken into account in both methods of calculating the Cost of Goods Produced (HPP). The grouping will not change the calculation results. There are no equipment maintenance and insurance costs incurred by Moyu Store Purwokerto so the overhead costs in this study is grouped into three, namely: (a) Indirect Labor Cost (TKTL); to carry out marketing and digital marketing activities; (b) Indirect Production Cost (BPTL); and (c) Depreciation Cost (BD).

Table 5. Details of Overhead Costs in J'Square Brewed Ginger Powder Drinks Production Activities

	Name of Goods	FC	VC	Amount		Price (Rp)
				Unit	Denomination	
I	Indirect Labor (a):					800,000
1	Marketing activities (2 persons, pack)	√	-	1	Pack	800,000
II	Indirect Production Cost (b):					184,860
1	Dish soap	-	√	1/2	Sachet	1,000
2	Plastic gloves	-	√	2	Pair	360
3	Vinyl stickers (1 sheet = 50 small sticker)	-	√	20	Piece	20,000
4	Jar (400 ml)	-	√	10	Piece	30,000
5	String	-	√	1	Piece	1,000
6	Tissue	-	√	1	1/2 Pack	3,000
7	Camera rental	-	√	1	Day	120,000
8	Shrink seal	-	√	1	Meter	1,500
9	Electricity and water	-	√	1	Time	6,000
10	Gas (3 kg, Rp.20,000)	-	√	1	Time	2,000
III	Depreciation Cost (c)					6,412
1	Accumulation of equipment depreciation cost	√	-	1	Month	6,412
Total of BOP (fixed)		806,412		Total of BOP (variable)		184,860
				Total of BOP		991,272

Note: FC = Fixed Cost, VC = Variable Cost.

Among the three overhead costs, indirect labor costs have the highest nominal value due to the level of difficulty of the activities carried out. Depreciation costs are

calculated for one month because Moyu Store Purwokerto only produces once a month and the value is also divided by two because Moyu Store Purwokerto also produces turmeric powder drinks.

The results of the depreciation costs are obtained by identifying the assets and tools of the Moyu Store Purwokerto first. Furthermore, the value of the goods is estimated at their economic life in units of months. Details of the value of assets and tools at the Moyu Store Purwokerto, estimated economic life, along with the calculation of depreciation costs are presented in Table 6.

Table 6. Details of The Value, Economic Life, and Depreciation Value of Moyu Store Purwokerto's Equipment

	Name of Goods	FC	VC	Amount		Price (Rp)	EL (month)	DC (month)
				Unit	Den.			
1	Big strainer	√	-	1	Piece	12,500	60	208
2	Small knife	√	-	1	Piece	5,000	60	83
3	Sponge	√	-	1	Piece	5,000	6	2,500
4	Analog scales	√	-	1	Piece	85,000	84	1,012
5	Small strainer	√	-	1	Piece	7,500	60	125
6	Stove	√	-	1	Piece	203,500	180	1,131
7	Wok	√	-	1	Piece	59,500	120	496
8	Hair dryer	√	-	1	Piece	149,900	60	2,498
9	Adaptor + memory card	√	-	1	Pair	137,000	60	2,283
10	Basin	√	-	1	Piece	12,500	60	208
11	Wooden cutting board	√	-	1	Piece	14,000	180	78
12	Toothbrush	√	-	1	Piece	8,700	12	725
13	Big knife	√	-	1	Piece	11,000	60	183
14	Blender	√	-	1	Piece	233,000	180	1,294
Total Asset Value						944,100		12,824
Depreciation Cost Allocation for Ginger								6,412
Depreciation Cost Allocation for Turmeric								6,412

Note: FC = Fixed Cost, VC = Variable Cost, Den. = Denomination, EL = Economic Life, DC = Depreciation Cost.

Non Production Cost (NPC)

The last costs that need to be identified and calculated before calculating the HPP are non-production costs that are divided into two: administrative costs (correspondence) and promotional costs (including advertising costs). Based on the data obtained from the interview, it is known that Moyu Store Purwokerto pays for printing, volume, and photocopying which is addressed to Jenderal Soedirman University as an accountability report for the use of funds. The rest of the expenditures for administrative purposes are aimed at purchasing receipt books, cash notes, and glue. Meanwhile, marketing and advertising expenditures were used to purchase starter packs, rent website hosting and domains, and purchase raffia rope for delivering off the goods. Details of Moyu Store Purwokerto's expenses for administrative, marketing, and advertising purposes are described in Table 7.

Table 7. Details of Non Production Costs in J'Square Brewed Ginger Powder Drinks Production Activities

	Name of Goods	FC	VC	Amount		Price (Rp)
				Unit	Denomination	
I	Administration Cost:					93,500
1	Print	-	√	18	Time	55,500
2	Binding	-	√	2	Time	8,500
3	Photocopy	-	√	100	Sheet	20,000
4	Small receipt book	-	√	1	Piece	3,000
5	Cash note	-	√	1	Piece	3,500
6	Stick glue	-	√	1	Piece	3,000
II	Marketing and Advertising Cost:					54,500
1	Starter pack for prepaid SIM card	√	-	2	Piece	20,000
2	Hosting and domain rental (1 year = Rp. 250,000)	√	-	1	Month	21,000
3	Raffia	-	√	1	Month	13,500
Total BNP						148,000

Note: FC = Fixed Cost, VC = Variable Cost.

Cost of Good Sold

Based on the results of the calculations carried out, it is known that the HPP calculated by the full costing method is greater than the HPP calculated by the variable costing method. HPP on the full costing method is worth Rp. 1,438,329 while the variable costing method is worth Rp. 631,917. The big difference between the two costs is contributed by the indirect labor costs needed to carry out marketing activities. This is because, in the full costing method, the fixed BOP is taken into account as a cost. Details of the HPP calculation for the J'Square brewed ginger powder drink using the full costing and variable costing approaches are described in Table 8.

Table 8. HPP Calculation Value of J'Square Brewed Ginger Powder Drinks Using Full Costing and Variable Costing Approach

Cost Element	Full Costing	Variable Costing
BBB	Rp. 287,057	Rp. 287,057
BTKL	Rp. 160,000	Rp. 160,000
BOP (Variable)	Rp. 184,860	Rp. 184,860
BOP (Fixed)	Rp. 806,412 +	Rp. 0 +
HPP	Rp. 1,438,329	Rp. 631,917

Selling Price

After being calculated using the cost-plus pricing method, it is known that if Moyu Store Purwokerto wants to earn a profit of 15%, then one bottle of J'Square brewed ginger powder drink must be sold for Rp. 182,428 (full costing method) or Rp. 89,690 (variable costing method). If Moyu Store Purwokerto wants to earn a profit of 20%, then one bottle of J'Square brewed ginger powder drink must be sold for Rp. 190,359 (full costing method) or Rp. 93,590 (variable costing method). If Moyu Store Purwokerto wants to earn a profit of 25%, then one bottle of J'Square brewed ginger powder drink

must be sold for Rp. 198,291 (full costing method) or Rp. 97,490 (variable costing method). Details of calculating the selling price per unit of J'Square brewed ginger powder using the cost-plus pricing method are described in Table 9.

Table 9. Details of Calculating the Selling Price per Unit of J'Square Brewed Ginger Powder Using the Cost-Plus Pricing Method with Profit Variation 15%, 20%, and 25%

	Full Costing			Variable Costing		
HPP	Rp.1,438,329			Rp.631,917		
BNP	Rp. 148,000			Rp.148,000		
TBO	Rp.1,586,329			Rp.779,917		
Π	15%	20%	25%	15%	20%	25%
	Rp. 237,949	Rp. 317,266	Rp. 396,582	Rp.116,988	Rp.155,983	Rp.194,979
Ps	Rp.1,824,278	Rp.1,903,595	Rp.1,982,911	Rp.896,905	Rp.935,900	Rp.974,896
Qp	10 Unit			10 Unit		
Ps/Unit (a)	Rp. 182,428	Rp. 190,359	Rp. 198,291	Rp. 89,690	Rp. 93,590	Rp. 97,490
Current Selling Price (b)	Rp. 35,000	Rp. 35,000	Rp. 35,000	Rp. 35,000	Rp. 35,000	Rp. 35,000
Difference: (b) – (a)	Rp. 147,428	Rp. 155,359	Rp. 163,291	Rp. 54,690	Rp. 58,590	Rp. 62,490

From the table, it is known that the selling price obtained from the calculation using the full costing approach gives a higher value than the selling price obtained from the calculation using the variable costing approach. As a new business actor who needs to introduce and bring their products closer to consumers, it is recommended that the selling price of the J'Square brewed ginger powder drink uses the results of calculations using a variable costing approach. However, the selling price of the calculation result is above the actual selling price of the product itself. The lowest price difference between the calculation of the selling price and the actual selling price is Rp. 54,690. Almost twice the selling price. This shows that so far Moyu Store Purwokerto has suffered losses. The cause of the loss, according to business owners, is because in determining the selling price, they only group costs into two forms of costs, namely fixed costs and variable costs. As a result, some manufacturing overhead and depreciation costs are not accounted for, including labor costs for marketing activities).

In online stores such as Shopee, Tokopedia and Bukalapak, similar products such as Esszing Empon-Empon are available at Tokopedia at a price of Rp. 125,000 and weighs 300 gr (Rp. 42,000 per 100 gr). The advantages of this product compared to the J'Square brewed ginger powder drink is that the composition of the ingredients used by this product is more and the packaging used is also in the form of a glass bottle which is more aesthetic and gives a premium impression. Another product is Ibu Sidi's Instant Ginger which is sold at shopee at a price of Rp. 36,000 and a weight of 325 gr (Rp. 11,000 per 100 gr). The advantage of this product is that it already has a P-IRT and a halal certificate. Lastly, Singabera products are sold at Tokopedia at a price of Rp. 40,000 and weighs 250 gr (Rp. 16,000 per 100 gr). The advantage of this product is that the packaging is premium and already has a distribution permit from BPOM. The description of each comparison product along with the price and weight of the three products is presented in Figure 2.



ESSZING Jahe Emprit Botol Instan Serbuk Wedang Uwuh Empon Mpon Herbal

Terjual 8 • ★ 4.6 (5 ulasan)

Rp125.000

[Detail](#) [Info Penting](#)

Kondisi: Baru
 Berat: 300 Gram
 Kategori: **Minuman Tradisional**
 Etalase: **Jahe Emprit**

(a)



SARI JAHE INSTANT IBU SIDI MINUMAN HERBAL KEMASAN BOTOL 325 GRAM

4.9 ★★★★★ 72 Penilaian 151 Terjual

Rp36.000

Pengiriman: **Gratis Ongkir**
 Pengiriman Ke: **KOTA JAKARTA PUSAT**
 Ongkos Kirim: **Rp0**

Kuantitas: tersisa 13 buah

[Masukkan Keranjang](#) [Beli Sekarang](#)

(b)



Singabera Premium Ginger Drink (Minuman Jahe Premium) Cinnamon

Terjual 80+ • ★ 4.9 (26 ulasan)

Rp40.000

[Detail](#) [Info Penting](#)

Kondisi: Baru
 Berat: 250 Gram
 Kategori: **Minuman Tradisional**
 Etalase: **COFFEE AND TEA**

SINGABERA CINNAMON GINGER DRINK

(c)

Figure 2

Product Description, Price Information, and Product Weight of Esszing (a), Ibu Sidi (b), and Singabera (c)

If the brewed ginger powder drink J'Square is sold at the actual price of Rp. 35,000 per 400 gr, 100 gr is only sold at a price of Rp. 8,750. When compared with its competitors, the price of the product offered by Moyu Store Purwokerto is classified in the "cheap" category. However, if the product is sold at the lowest reference price (15% profit, variable costing approach) that is Rp. 89,690 per 400 gr, then 100 gr is sold at a price of Rp. 22. 423. This price is above the selling price of Ibu Sidi's and Singabera's products but below the selling price of Esszing's products. However, Ibu Sidi and

Singabera's products have food safety guarantees such as BPOM or P-IRT and halal certification.

If Moyu Store Purwokerto wants to use the current selling price reference, the business owner must increase the amount of production in order to achieve economies of scale where the unit cost of one product can be reduced to a lower level (Rahayu, 2015; B. et al., 2018). The magnitude of the achievement of the optimal amount of output requires further analysis (analysis of technical, allocative, and economic efficiency). On the other hand, if Moyu Store Purwokerto wants to use the reference selling price calculated from this research as a reference, then Moyu Store Purwokerto should create product uniqueness as a competitive advantage while improving the appearance of the packaging and completing the product's business validity and food safety documents. For ultra-micro businesses such as Moyu Store Purwokerto, registration for business licenses and halal certification is currently free of charge, so it is not impossible for Moyu Store Purwokerto to make it happen.

Profitability Ratio

Because Moyu Store Purwokerto is not obligated to pay taxes and does not apply returns and discounts, the GPM and NPM values are the same. The entire value of the profitability ratio in the calculation of the actual price gives a negative sign. This confirms the loss at Moyu Store Purwokerto that was mentioned earlier. The highest losses occur in the calculation of HPP and selling prices using a full costing approach. On the other hand, in calculating the profitability ratio using the calculation price, all variations in the selling price give a positive profitability ratio value.

Table 10. Comparison of Profitability Ratio Calculation Results of Actual and Determinant Selling Price for J'Square Brewed Ginger Powder

Details	Current Price	
	Full Costing	Variable Costing
Ps		Rp. 35,000
Qs		10
Ps * Qs		Rp.350,000
HPP	Rp.1,438,329	Rp.631,917
Asset		Rp.944,100
Tax		Rp. 0
GPM and NPM	-311%	-80%
ROI	-115%	-30%

Details	Determinant Price					
	Full Costing			Variable Costing		
	15%	20%	25%	15%	20%	25%
Ps	Rp. 182,428	Rp. 190,359	Rp. 198,291	Rp. 89,690	Rp. 93,590	Rp. 97,490
Qs		10			10	
Ps * Qs	Rp.1,824,280	Rp.1,903,590	Rp.1,982,910	Rp.896,900	Rp.935,900	Rp.974,900
HPP		Rp.1,438,329			Rp.631,917	
Asset			Rp.944,100			
Tax			Rp. 0			
GPM and NPM	21%	24%	28%	30%	32%	35%
ROI	41%	49%	58%	28%	32%	36%

The highest ratio in all categories occurred when Moyu Store Purwokerto took a profit percentage of 25% with GPM, NPM, and ROI values of 28%, 28%, and 58% respectively (with a full costing approach) and valued at 35%, 35%, and 36% (with a variable costing approach). The comparison of the actual price with the calculation of the profitability ratio of the J'Square brewed ginger powder drink using a full costing and variable costing approach is presented in Table 10.

Although the profit percentage at 25% provides the highest profitability ratio, Moyu Store Purwokerto must consider whether the selling price offered is in accordance with the benefits, quality, and uniqueness offered to consumers. When the profit percentage is at that level, the product must be sold for Rp. 198,291 (full costing) or Rp. 97,490 (variable costing). This price is far above the selling price of its competitors, namely: Ibu Sidi Instant Ginger and Singabera Instant Ginger.

CONCLUSIONS AND POLICY IMPLICATIONS

Conclusions

Based on the results of the analysis that has been described previously, it is known that:

1. The calculation of the cost of production using the full costing method will produce a greater value when compared to the calculation of the cost of production using the variable costing method. In the full costing method, the HPP value is Rp. 1,438,329. In the variable costing method, the HPP value is Rp. 631,917,
2. The calculation of the selling price obtained using the full costing approach gives a higher value than the selling price obtained from the calculation using the variable costing approach. At a profit rate of 15%, one bottle of J'Square brewed ginger powder drink must be sold for Rp. 182,428 (full costing method) or Rp. 89,690 (variable costing method). At a profit rate of 20%, a bottle of J'Square brewed ginger powder drink must be sold for Rp. 190,359 (full costing method) or Rp. 93,590 (variable costing method). At a profit rate of 25%, one bottle of J'Square brewed ginger powder drink must be sold for Rp. 198,291 (full costing method) or Rp. 97,490 (variable costing method),
3. Based on the results of the calculation of the profitability ratio, it is known that the GPM and NPM variables from the J'Square brewed ginger powder drink has the same value. At a profit percentage level of 15%, Moyu Store purwokerto can generate gross profit and net profit of 21% (full costing) and 30% (variable costing). At a profit percentage level of 20%, Moyu Store purwokerto can generate gross profit and net profit of 24% (full costing) and 32% (variable costing). At a profit percentage level of 25%, Moyu Store purwokerto can generate gross profit and net profit of 28% (full costing) and 35% (variable costing). In line with the two ratios, the ROI value also shows the same variation. At a profit percentage rate of 15%, Moyu Store purwokerto can return its investment of 41% (full costing) and 28% (variable costing). At a profit percentage rate of 15%, Moyu Store purwokerto can return investment of 49% (full costing) and 32% (variable costing). At a profit percentage rate of 15%, Moyu Store purwokerto can return investment of 58% (full costing) and 36% (variable costing),

4. The entire value of the profitability ratio calculated at the actual price shows negative results with a percentage loss above 50%.

Policy Implications

It is necessary to carry out further analysis on how much output must be produced to achieve efficiency conditions: technically, allocative, and economically. In addition, Moyu Store Purwokerto needs to get greater support from both the government and the private sector in terms of funding to realize the aforementioned business efficiency because this business is very prospect during a pandemic with higher human mobility than before.

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