

Planning of Marketing Strategy based on the Results of Analysis of Profitability Ratios and Activity Ratios

(Case Study: PT Semen Indonesia Tbk)

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Abstract - PT. Semen Indonesia (Persero) Tbk is a manufacturing company engaged in cement production. This product is widely used for infrastructure development, so good cement quality is expected. Producers are expected to produce cement according to consumer expectations and needs. The aim is to obtain high sales turnover. To meet sales targets, a good strategy is needed that is based on real conditions in the field. One of them is financial performance. Based on the financial performance report, especially the profit and activity ratios, will be analyzed and used as a reference in determining sales strategies. The results of the financial performance analysis and SWOT analysis can formulate a sales strategy design.

Keywords: Financial Performance, profit ratio, activity ratio, SWOT, IFE, EFE

I. Introduction

Financial achievements are the result of the company's operational activities which are displayed in the form of financial numbers. The company's financial operating results for the current period can be compared with the following three points (Karyoto, 2017).

- 1) Economically last season's performance.
- 2) balance sheet and income statement.
- 3) the average financial results of similar companies.

Meanwhile, according to Sujarwen (2019) measuring financial performance also means comparing standards influenced by the company's financing performance, there are 5 (five) indicators used to evaluate a company's financial performance including liquidity ratios, solvency/leverage ratios,

activity ratios, profitability/profit and market value.

PT. Semen Indonesia (Persero) Tbk is a manufacturing company engaged in cement production. Cement is a product used for infrastructure development, so the cement quality is expected to be good. Producers are expected to produce cement according to consumer expectations and needs so that consumers feel satisfied. Therefore, PT. Semen Indonesia (Persero) Tbk produces various types of high-quality cement to meet consumer needs.

Through its resources and expertise, PT. Semen Indonesia (Persero) Tbk is always ready to provide the best service. Through sustainable technological discoveries, high-quality building material products, and solutions to professional services from start to finish.

The object of this research is a company active in the cement industry that was listed on the Indonesia Stock Exchange (BEI) in 2009-2016, namely PT Semen Indonesia Tbk. This research was conducted to analyze financial reports, especially cash flows and financial report notes. Financial reports are required to describe all relevant sales financial data for a certain period and procedures have been established by the provisions so that financial reports can be compared so that the level of accuracy of the analysis can be justified. Analysis of financial reports from 2018-2022 will be the main subject of research because they have been published by the company concerned. The sales financial data is analyzed further so that information will be obtained regarding income increases that affect or reduce the company's bottom line so that it

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can be used for decision-making (Arsita,2021).

Financial reports are said to be insufficient to accurately assess company performance, therefore, a thorough analysis of financial reports for decision-making is needed to evaluate financial illustrations to assess the company's solvency, leverage, and profitability so that decisions are informed (Hutabarat, 2021). Based on the existing report, the problem of this research refers to how to analyze the utility and efficiency of asset use in decision-making activities in a company using activity and profitability ratios. The decision in question is planning a sales strategy to increase sales turnover.

II. Method

The data analysis in this research uses calculations of financial data on product sales in determining sales strategies by analyzing financial performance ratios, including the profile ratio and the activity ratio. The financial report used is the 2018-2022 financial report. The sales financial data is analyzed further so that information will be obtained regarding income increases that affect or reduce the company's bottom line so that it can be used for decision-making.

In the financial data process of PT. Semen Indonesia (Persero) Tbk is based on 2 calculation methods to determine the best sales strategy, namely the profile ratio and the activity ratio. The financial stability profile ratio to find the best value of company profits between 2018, 2019, 2020, 2021, and 2022 based on the results of the company's financial stability calculations, in the financial activity ratio to find the efficiency of the use of company assets between 2018, 2019, 2020, 2021, and 2022 is the best based on the results of activity calculations. The calculation results are used as a basis for determining sales strategies using SWOT analysis.

Profitability Ratio

The profitability ratio is used to calculate profits and the activity ratio is used to calculate the use of assets in considering company decisions to determine sales strategies (Elly, 2018). According to Kasmir (2011) in Alfitri (2018), the profitability profile ratio is the ratio used to assess the stability profile of a company. The profitability ratio also measures the effectiveness of corporate governance. The level of the financial ratio is depicted by the cumulative profit from sales and investment income (Desmayenti, 2021). This is related to the efficiency of bills. According to Syahrial (2013), Rasio profitability measures the ability to generate profits from a business through the use of assets or capital. Profitability ratios include:

a. Return On Aset

Return on assets is used to calculate how much of a company's assets can be used to generate profit or profit.

$$r = \frac{\text{Net Profit After Tax}}{\text{Total assets}}$$

b. Net ProfitMargin

Net Profit Margin is a profit measure that compares profit after interest and taxes with sales. The more NPM is used, the better the company's performance will be, Rhamadana, (2016)
$$i = \frac{\text{N P A T}}{S}$$

Activity Ratio

According to Prihadi (2012), activity ratio measures the efficient use of company assets. The financial ratio is often called the turnover ratio. In general, the higher the turnover, the more efficient the use of company assets. According to Harahap (2010), the activity ratio defines the activities carried out to carry out its activities related to sales, purchases, and other activities. According to Kasmir (2011) in Alfitri (2018), the activity ratio refers to how the efficiency of asset use in a company can be measured. The use of a company's assets can be analyzed according to the relationship

between the amount of profit that can be formulated about the various assets used to generate profits (Andy, 2016). The activity ratio includes:

1. Total Asset Turnover

Total Asset Turnover is a ratio used to calculate the efficient use of a company's total assets. The higher the ratio, the better it is. On the other hand, if the ratio goes down, then the results will get worse.

$$\text{Total Assetturnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

2. Inventory Turnover

According to Wijaya (2017), Inventory Turnover is the turnover of inventory that shows how often inventory is sold and held in each financial period.

$$I_t = \frac{S}{S}$$

Internal Environmental Analysis

According to Umar (2008) in Indri et al (2020), the external environment is a process carried out by strategic planning to monitor the external environmental sector in determining opportunities and threats for the company. Within the company, several internal factors can influence the implementation of marketing strategies at PT. Semen Indonesila (Persero) Tbk. The various types of internal factors are strengths and weaknesses.

External Environmental Analysis

According to David (2010) in Indri et al (2020), the internal environment is the company's strengths and weaknesses in financial functional areas, including management, marketing, finance/accounting, and management information systems. Within the company, several external factors can influence the implementation of strategic marketing at PT. Semen Indonesila (Persero) Tbk. The various external factors are opportunities and threats.

SWOT analysis

SWOT analysis is the analysis of various factors systematically to formulate a

company strategy, the analysis is based on logic that can maximize strengths and opportunities but simultaneously can minimize weaknesses and threats based on Rangkuti (2001). The financial analysis is based on the assumption that an effective strategy will maximize existing strengths and opportunities and minimize weaknesses and threats. The enormous impact of the design of a successful strategic and environmental analysis of business provides the information needed to identify opportunities and threats within the company.

IV.Results and Discussion

Analysis of financial data of PT. Semen Indonesia (Persero) Tbk uses 2 calculation methods to determine the best sales strategy, namely the profile ratio and the activity ratio. In the financial profile ratio, the financial stability ratio is used to find the company's profit value, while in the financial activity ratio, it is used to find the efficiency of the use of the company's assets.

Profitability Ratio

Profitability Ratio is a measuring tool used by a company to assess or measure the effectiveness of management performance (Erica, 2018) and Erica,2016).

a. Return On Asset (ROA)

Return on assets is used to calculate how much of a company's assets can be used to generate profit or profits. Return On Assets PT. Semen Indonesia (Persero) Tbk can be seen in the following table 1.

Table 1Return On Asset

Year	Net profit	Total Assets	ROA
2018	3.085.704	51.155.890	0,060
2019	2.371.233	79.807.067	0,030
2020	2.674.343	78.006.244	0,034
2021	2.082.347	76.504.240	0,027
2022	2.499.083	82.960.012	0,030

Source: Company data and data processing

Based on the calculations in Table 1 above, it can be seen that ROA fluctuates from year to year. From 2018 to 2019 ROA decreased by 0.30. From 2019 to 2020 ROA experienced an increase of 0.04. From 2020 to 2021 there was a decrease of 0.07. And from 2021 to 2022 ROA will increase by 0.03. So, from year to year, the ROA value experiences normal changes, namely increases and decreases in the ROA value each year.



Figure 1 Return on assets

b. Net ProfitMargin

Net Profile Margin is a profit measure that compares profit after interest and tax with sales. The more NPM is used, the better the company's performance will be. Net Profit Margin PT. Semen Indonesia (Persero) Tbk can be seen in the following table 2.

Table2Net ProfitMargin

Year	Net Profit	Capital	NPM
2018	3.085.704	32.736.296	0,094
2019	2.371.233	33.891.924	0,070
2020	2.674.343	35.653.335	0,075
2021	2.082.347	39.782.883	0,052
2022	2.499.083	47.239.360	0,053

Source: Company Data

Based on Table 2 and above, it can be seen that NPM fluctuates from year to year. From 2018 to 2019, NPM decreased by 0.24. From 2019 to 2020 NPM experienced an increase of 0.05. From 2020 to 2021 there was a decrease of 0.23. And from 2021 to 2022 the NPM will increase by 0.01. So, from year to year, the NPM value experiences a

significant change, which occurs from 2020 to 2021, namely the decrease in the NPM value at that time, and for other things, there is a spike and a normal decrease in the NPM value.

Activity Ratio

The activity ratio is the level at which a company uses and optimizes company assets.

a. Total Asset Turnover

Total Asset Turnover is a ratio used to calculate the efficient use of a company's total assets. Total Asset Turnover PT. Semen Indonesia (Persero) Tbk can be seen in the following table 3.

Table 3Asset Turnover

Year	Sales	Total Assets	Asset Turn over
2018	4.880.635	51.155.890	0,095
2019	6.185.043	79.807.067	0,077
2020	5.648.243	78.006.244	0,072
2021	4.974.004	76.504.240	0,065
2022	4.625.474	82.960.012	0,056

Source: Company Data

Based on Table 3 above, it can be seen that asset turnover fluctuates from year to year. From 2018 to 2022 there was a decrease in the level of interest to 0.39. There is no change in the value of asset turnover each year to increase, but it experiences a decrease each year.



Figure 2 Asset Turnover

b. Inventory Turnover

Inventory Turnover is an inventory turnover that shows how often inventory is sold and stored in each financial period. Inventory Turnover PT. Semen Indonesia

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(Persero) Tbk can be seen in the following table4.

Based on Table 4 above, it can be seen that asset turnover fluctuates from year to year. From 2018 to 2019 there was an increase of 0.66. From 2019 to 2022 there was a decrease of 0.126. The largest value of the investment turnover value occurred in 2019 amounting to 0.371 and the smallest value of the investment turnover value occurred in 2022 amounting to 0.245.

Table 4 Inventory Turnover

Year	Sales	Inventory	Inventory Turnover
2018	4.880.635	16.007.686	0,305
2019	6.185.043	16.658.531	0,371
2020	5.648.243	15.564.604	0,363
2021	4.974.004	15.270.235	0,326
2022	4.625.474	18.878.979	0,245

Source: Company Data

Internal Environmental SWOT

In an industrial company, several internal factors can influence the implementation of sales strategies at PT. Semen Indonesia (Persero) Tbk. The various types of external internal factors are strengths and weaknesses. The explanation is as follows:

a. Strength

1. Abundant stock of raw materials.
2. Guaranteed product quality.
3. Distribution reach throughout Indonesia which has strategic company locations and is supported by distributors to guarantee the entire market share.
4. Consumers see the inherent brand image.

b. Weakness

1. The company still has excess cement supply in several distribution areas.
2. Lack of promotional services to the community.
3. Price policy still depends on daily market price movements.

4. There are differences of opinion regarding determining retail cement prices.

SWOT External Environment

In a commercial company, several external factors can influence the implementation of strategic sales at PT. Semen Indonesia (Persero) Tbk. The various external external factors are opportunities and threats. The explanation is as follows:

a. Opportunities

1. Abundant supply of raw materials at any time when needed.
2. Offer product prices below competitors.
3. There are huge business opportunities in the logistics industry for subsidiaries.
4. Increase domestic demand and increase market share.

b. Threats

1. There have been trade wars between local and foreign competitors on a large scale.
2. Unstable political development.
3. Limited supply of natural limestone raw materials.
4. Limited government regulations through anti-monopoly laws regarding market share expansion

IFE Matrix

The IFE Matrix shows the company's internal characteristics in the form of strengths and weaknesses which are calculated based on ratings and weights. In the ILFE Matrix calculations calculate the weight using the formula

$$B = \frac{\text{Rating}}{\text{Total Rating}}$$

Table 5. IFE Matrix (*Internal Factor Evaluation*).

Factor Internal	Code	Weight	Rating	Skor Bobot
Strength				
1. Stocks of raw materials are abundant.	S1	0,125	3	0,375
2. Guaranteed product quality.	S2	0,125	3	0,375
3. Distribution reach throughout Indonesia which has strategic company locations and is supported by distributors to guarantee the entire market share.	S4	0,167	4	0,667
4. Consumers see the inherent brand image.	S5	0,167	4	0,667
Total 1				2,083
Weakness				
1. The company still has excess cement supply in several distribution areas.	W1	0,125	3	0,375
2. Lack of promotional services to the community.	W2	0,083	3	0,375
3. Pricing policy still depends on daily market price movements.	W3	0,083	2	0,167
4. Limited government regulations through anti-monopoly laws regarding expanding market share.	W4	0,125	2	0,167
Total 2				1,083
Total		1		1

Evaluate PT's strength factors and weakness factors. Semen Indonesia (Persero) Tbk uses the Internal Factor Evaluation (ILFE) model. The aim is to identify the relationship between the company's strengths and weaknesses. Based on Table 5, the total weight of the ILFE matrix results is 1, and the weight score is 1. For detailed results, the strength weight score is 2,083 and the weakness weight score is 1,083 (Strengths > Weaknesses). Shows that the strength assessment results obtained by PT. Semen Indonesia (Persero) Tbk is still better than its weaknesses.

The final strength factor can be known as the strength measured by PT. Semen Indonesia (Persero) Tbk is in first place in distribution distribution throughout Indonesia which has a strategic company location and is supported by distributors to guarantee the entire market share and brand image attached to consumers with a calculated score of 0.667. Then the second and final ranking is abundant raw material stock and guaranteed product quality with a score of 0.375. Meanwhile, the weaknesses are that in first place the company still has an excess supply of cement in several distribution areas and a

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lack of promotional services to the community with a score of 0.375. The second and last place is the price policy which still depends on market price movements every day and there are differences of opinion in determining retail cement prices with a score of 0.167.

matrix describes the company's opportunities and threats which are calculated based on ratings and weights. In calculating the IFE Matrix to calculate the Weight using the formula

$$W_{ht} = \frac{\text{Rating}}{\text{Total Rating}}$$

$$S = W_{ht} \times R$$

EFE Matrix

The EFE matrix is used to determine the magnitude of the influence of the company's external factors. The EFE

Table 6. EFE Matrix (*Eksternal Factor Evaluation*).

Factor Eksternal	Code	Weight	Rating	Weight Score
Opportunities				
1. Abundant supply of raw materials at any time when needed.	O1	0,125	3	0,375
2. Offer product prices below competitors.	O2	0,167	4	0,667
3. There are huge business opportunities in the logistics sector for subsidiaries.	O3	0,125	3	0,375
4. Increasing domestic demand and increasing market share.	O4	0,125	3	0,375
Total 1				1,792
Threats				
1. There have been trade wars between local and foreign competitors on a large scale.	T1	0,167	4	0,667
2. Unstable political development.	T2	0,125	3	0,375
3. Limited supply of natural limestone raw materials.	T3	0,083	2	0,167
4. Limited government regulations through anti-monopoly laws regarding expanding market share.	T4	0,083	2	0,167
Total 2				1,375
Total		1		0,417

Figure 3 IE matrix shows the results of IFE and EFE calculations for the company.

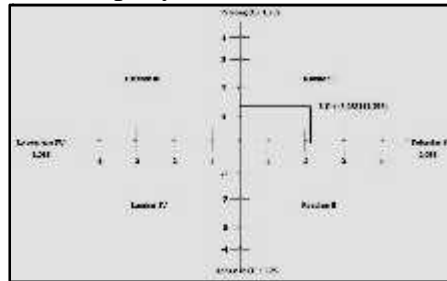


Figure 3 SWOT Analysis Quadrant Diagram

The results of the analysis place the position point of PT. Semen Indonesia (Persero) Tbk in quadrant I of the SWOT analysis diagram. The position in Quadrant I explains that PT. Semen Indonesia (Persero) Tbk has great opportunities and strengths so that it can take advantage of existing opportunities. This condition supports aggressive growth policies (growth-oriented strategy). So it does not rule out the possibility of PT. Semen Indonesia (Persero) Tbk to expand the market share of cement products that can be offered. To see the strengths used to take advantage of the opportunities that PT. Semen Indonesia (Persero) Tbk which can shape the company's marketing strategy in this way:

1. Utilizing abundant raw material stocks to be able to produce at any time.
2. Utilize strategic locations to increase distribution reach to meet domestic demand and market share.
3. Increase product promotion by utilizing brand image, and product quality that offers prices below competitors to become a business opportunity in the logistics sector for subsidiaries.

V. Conclusion

The calculation of the profit profile ratio which is based on return on assets (ROA) shows the highest value that

occurred in 2018 where the net profit reached 3,085,704 with capital of 51,155,890 and ROA reached 0.060, and the net profit margin (NPM) which has the highest value in 2018 where the net profit reached 3,085,704 with capital of 32,736,296 and NPM reached 0.094. In the calculation of the activity ratio based on total asset turnover, the highest value was recorded in 2018, where total sales reached 4,880,635 with total assets of 51,155,890 and asset turnover reached 0.095, and inventory turnover was the highest value in 2019 before Covid-19. 19 where total sales reached 6,185,043 with an inventory of 16,658,531 and inventory turnover reached 0.371.

Marketing strategy at PT. Semen Indonesia (Persero) Tbk is:

1. Utilizing abundant stocks of raw materials to be able to produce at any time.
2. Utilizing strategic locations to increase distribution reach to meet domestic demand and market share.
3. Increasing product promotion by utilizing brand image, and product quality that offers prices below competitors to become business opportunities in the logistics sector in subsidiaries.

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