

Analysis Selling Price at MSMEs Rempeyek Nok Uus

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ABSTRACT

This study aims to investigate the product pricing process at the MSMEs Rempeyek Nok Uus using the Cost Pricing strategy. The methodology applied is quantitative with descriptive analysis. The primary data source in this study comes from direct interviews with the owner of the MSMEs Rempeyek Nok Uus. The findings of this study reveal that the prices set by this MSMEs Rempeyek Nok Uus tend to be lower than those that would be set using the Cost-Plus Pricing method. This occurs because the MSMEs does not carry out detailed cost calculations but only bases its calculations on rough estimates. As a result, when using the Cost-Plus Pricing method, which adds a 20% Margin, the resulting price becomes IDR 20,000, while the MSMEs sets the price based on an estimate of around IDR 15,000 to IDR 15,500. This finding indicates that using Cost Plus Pricing with the planned Margin addition could be more profitable.

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1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) contribute not only to increasing job opportunities, but also to facilitate people's access to work, while reducing the unemployment rate. MSMEs contribute to improving the family economy, stimulating economic growth, and playing an important role in maintaining state stability. For most citizens, especially from the middle to lower economic class who have limited capital, MSMEs are a strategic choice to support livelihoods. In addition, the existence of MSMEs has a positive impact on the family economy, by providing opportunities for the community to manage MSME businesses independently [1].

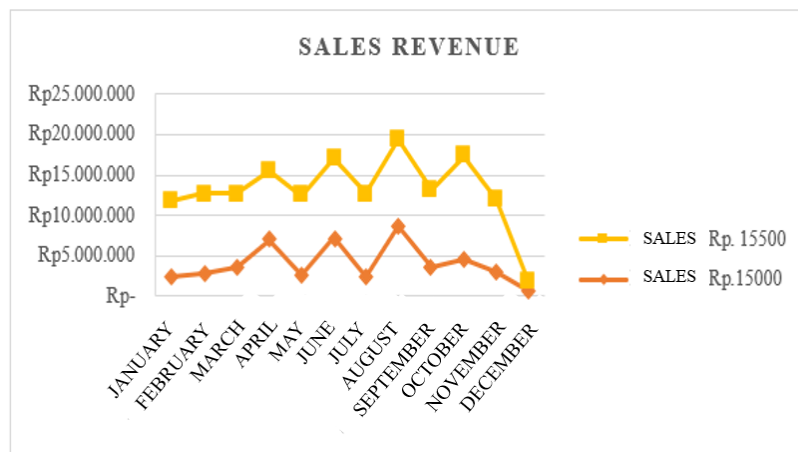
Setting the selling price of the product is the key to success in the business world. After establishing the basic cost of the product, the next step is to set the sales price. The need to determine the appropriate sales price for each product offered is very important because this has a direct impact on the profits expected by the company. In this context, the company must conduct periodic reviews and adjust prices according to the current situation at hand. Prices that are set too high or low can lead to failures in a company's earnings, so accurate price adjustments become crucial [2].

Choosing selling prices for products is often a challenge for Micro, Small and Medium Enterprises. Prices that are too expensive can reduce buyer interest, while

pricing that is too cheap can have an impact on operating revenues, which in turn will affect the company's profits and operational effectiveness. Therefore, it is important for them to determine the optimal selling price in order to remain competitive in the market. [2]

This problem also occurs in the business venture of the Rempyek Nok Uus MSME, in the process of the MSME business determining different selling prices. This Rempyek Nok Uus MSME food product is usually sold to modern retailers and grocery stalls. This product is sold to modern retailers

and grocery stalls at different prices by the same seller, Nok Uus. This Rempyek Nok Uus MSME sells at a price of Rp. 15,000 per pack for grocery stalls, while for modern retail it is sold at a price of Rp. 15,500 per pack. The decision to differentiate the selling price is due to cover the loss from the shipping cost. The calculation of product selling prices at Rempyek Nok Uus MSMEs still uses traditional methods. The following is the data on the sales revenue of Rempyek Nok Uus MSMEs in 2023.



Picture 1. MSME Sales Revenue Rempyek Nok Uus 2023

Source: MSMEs Rempyek Nok Uus, 2023

(Processed by the Author, 2023)

Based on Figure 1. Sales revenue at Rempyek Nok Uus MSMEs in 2023 will experience ups and downs. The most income is from sales to modern retail compared to traditional stalls. Because delivery to modern retail is 100 stores where the delivery is to Indomart and Alfamart outlets while to traditional stalls only send to 6 stores where only grocery stalls.

Based on previous research from with the title "Analysis of Product Selling Price CV. Abah Ayi With [3]Cost Plus Pricing Method" The existence of traditionally calculated selling prices results in unnatural values. Compared to the *Cost-Plus Pricing* method, it offers a higher price in determining the selling price of food products, and the benefits achieved from using *Markup* in this method prove to be greater. Furthermore, research conducted by the title "Determination of Selling Prices on the Bofet Martabak Kubang Wadesta Bandar Buat indicates that there are

often price differences in selling prices. These results suggest that cost plus pricing is more efficient and produces more accurate price estimates than traditional calculation methods applied by companies because it can identify the cost of goods per product. Furthermore, research conducted by entitled "Comparative Analysis of Selling Prices Using the Cost-Plus Pricing and Mark-up Pricing Methods in Hardtop Coffee MSMEs for the 2021 Period" found that the use of [4][5] *cost plus pricing* and *mark-up pricing* methods often results in lower selling prices compared to pricing by the MSMEs themselves. The difference between this research and previous research is different in the object of research.

The existence of the *research gap* above made the author conduct research again on Selling Price Analysis using the *Cost-Plus Pricing* method in Rempyek Nok Uus MSMEs. This business, which is engaged in the snack sector, is located in Karawang, West

Java, and has established permanent partnerships with several large retailers such as Indomaret and Alfamart, as well as local small stores, since early 2014. These MSMEs face obstacles in different pricing due to the use of traditional pricing methods or estimates that ignore various costs that arise. Errors in setting the basic cost of rempeyek production cause the set selling price to be unnatural.

2. LITERATURE REVIEW

2.1 Financial Management

Financial Management is a process and activity involved in managing financial aspects in a business entity, starting from the implementation of managerial functions such as planning, budgeting, auditing, administration, supervision, to the process of acquiring funds and storing assets owned by the company. These processes must be carried out in an effective and efficient manner to ensure the achievement of the objectives that have been set in accordance with the strategic plan of the entity. [6]

Meanwhile, according to Financial Management, it is a series of activities related to planning, searching, and allocating funds to maximize the company's operational efficiency.[7]

Meanwhile, Financial Management according to this Process is an effort in the company's financial activities that focus on company funding and efficient financial management. The goal is to obtain funds at minimal costs and manage the finances of a business entity or organization to achieve predetermined financial goals.[8]

2.2 Cost

Cost is the amount of money made from sacrificing economic resources to achieve a certain goal. Cost is the amount agreed upon at the time the transaction occurs between the two parties. The price agreed upon by the transacting parties at the time the transaction occurs is the most understandable definition of cost.

2.3 Selling Price

Selling Price is the total value of money obtained from various products and services provided by the company. The decision regarding the costing of these sales rests with the company.

The cost of production plus the profit margin targeted by the company determines the selling price of a product or service. Therefore, strategic pricing is one of the main methods to lure consumers and achieve the profits expected by the company. [9]

While according to, the selling price can be defined as a value or figure that includes the entire cost of producing a product as well as the desired profit or profit, in a reasonable and profitable amount for the company.[10]

2.4 Selling Pricing Method

Companies and MSMEs utilize various strategies in pricing their products, which include theoretical approaches and estimation by traders. Outlines Selling pricing that includes various cost components including:[11]

Cost plus pricing Method

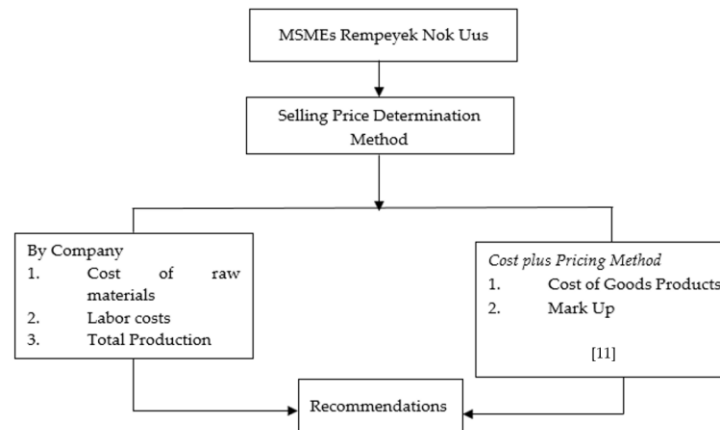
The cost-based pricing approach is determined through the method of calculating the cost of goods applied. The formula is as follows:

$$\text{Selling Price} = \text{Total Cost} + \text{Mark up}$$

Source: [11]

FRAME OF MIND

This study aims to understand how decisions in setting product selling prices for Rempeyek Nok Uus MSMEs use the method *cost plus pricing*. Therefore, this study delves deeper into the decision-making process in setting the selling price of MSME products, as well as how it can affect interaction with the market and consumer response. Many traders use the method *Mark-up pricing* in setting their selling price. They will add *Markup* The desired profit to the purchase price per unit to determine the selling price. Percentage *Markup* may vary for each product.



Picture 2. Research Paradigm
Source: Author's preparation, 2023

3. METHODS

The research method applied is a descriptive quantitative method. The study was conducted from September 2023 to January 2024. Data was collected through direct observation at Rempeyek Nok Uus MSMEs, followed by direct interviews and documentation with Rempeyek Nok Uus MSME business owners. The instrument in this study uses questions through interviews to obtain the required data in the form of numbers such as data on the amount of production of MSMEs Rempeyek Nok Uus generated production costs, labor and depreciation costs in 2023. Furthermore, this research also involves a literature review to obtain additional relevant references. The data used in this study included primary and secondary information.

4. RESULTS AND DISCUSSION

MSMES Rempeyek Nok Uus produces Rempeyek products with an average of 1,093 pcs with a size of 150 grams. For one time the average production produces

16,500 Grams of Rempeyek and divided by 150 Grams per pcs so that for one time the average production produces 110 pcs.

4.1 Determination of Selling Prices by MSMEs Rempeyek Nok Uus

The calculation of selling prices by MSMEs Rempeyek Nok Uus shows that MSMEs set selling prices cheaper. This is because the determination of selling prices is only based on MSME estimates and selling prices are set directly without taking into account raw materials that may follow market prices. In this case, the selling price is set at Rp. 15,000 for sales to stalls and Rp. 15,500 for sales to modern retailers. Thus, MSMEs apply a simpler but perhaps less accurate approach in setting the selling price of their products.

4.2 Costs incurred by MSMEs Rempeyek Nok Uus

Here are the costs incurred for one production in the Daily Average per month in 2023:

a. Depreciation Cost

The following is presented depreciation cost data for Rempeyek Nok Uus MSMEs issued:

Table 1. Depreciation Cost

No	Tool Name	Quantity	Unit	Purchase Fee	Total Purchase Cost	Age Use	Amount of Residue	Depreciation Value (Annual)	Period Depreciation
1	Cooker	3	pcs	Rp 200,000	Rp 600,000	8	Rp 210,000	Rp 48,750	Rp 4,063
2	Gas	3	pcs	Rp 150,000	Rp 450,000	8	Rp 105,000	Rp 43,125	Rp 3,594
3	Skillet	4	pcs	Rp 80,000	Rp 320,000	5	Rp 70,000	Rp 50,000	Rp 4,167
4	Dustpan	4	pcs	Rp 20,000	Rp 80,000	3	Rp 28,000	Rp 17,333	Rp 1,444
5	Sieve	4	pcs	Rp 20,000	Rp 80,000	3	Rp 28,000	Rp 17,333	Rp 1,444
6	Basin	2	pcs	Rp 15,000	Rp 30,000	5	Rp 7,000	Rp 4,600	Rp 383
7	Scoop	1	pcs	Rp 15,000	Rp 15,000	2	Rp 2,800	Rp 6,100	Rp 508
8	Chair	2	pcs	Rp 15,000	Rp 30,000	5	Rp 10,500	Rp 3,900	Rp 325
9	Table	2	pcs	Rp 20,000	Rp 40,000	5	Rp 14,000	Rp 5,200	Rp 433
10	Seller Machine	1	pcs	Rp 500,000	Rp 500,000	10	Rp 175,000	Rp 32,500	Rp 2,708
11	Building	1	pcs	Rp 40,000,000	Rp 40,000,000	30	Rp 14,000,000	Rp 866,666	Rp 72,222
12	Showcase	1	pcs	Rp 500,000	Rp 500,000	10	Rp 175,000	Rp 32,500	Rp 2,708
13	Vehicle	1	pcs	Rp 5,000,000	Rp 5,000,000	20	Rp 1,750,000	Rp 162,500	Rp 13,542
Total								Rp 1,290,507	Rp 107,542

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Every year, Rempeyek Nok Uus MSMEs incur depreciation costs of Rp. 1,290,507, with depreciation per period of Rp. 107,542. This fee includes depreciation on assets owned by Rempeyek Nok Uus MSMEs.

b. Material Cost

The following will be presented price data for all Rempeyek Nok Uus MSME Materials issued:

Table 2. Rempeyek Nok Uus Material Price

No	Material Name	Quantity	Unit	Price	Total price
1	Rice flour	10	Kg	IDR 13,000	IDR 130,000
2	Peanuts	50	Kg	IDR 26,000	IDR 1,300,000
3	Coconut cream	2	So	IDR 95,000	IDR 190,000
4	Egg	12	Kg	IDR 30,000	IDR 360,000
5	Salt	8	Pcs	IDR 3,000	IDR 24,000
6	Candlenut	6	Kg	IDR 35,000	IDR 210,000
7	Garlic	8	Kg	IDR 25,000	IDR 200,000
8	Coriander	2	Kg	IDR 22,000	IDR 44,000
9	Flavoring	2	Pcs	IDR 5,000	IDR 10,000
10	Oil	6	So	IDR 230,000	IDR 1,380,000
11	Gas	3	tube	IDR 23,000	IDR 69,000
Total					IDR 3,917,000

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Table 3. Price of Rempeyek Nok Uus Material for One-time Production

No	Material Name	Quantity	Unit	Price	Total price
1	Rice flour	6	Kg	@Rp 13,000	IDR 90,000
2	Peanuts	2	Kg	@Rp 26,000	IDR 52,000
3	Coconut cream	8	Pcs		IDR 21,112
4	Egg	10	Pcs		Rp. 17,650
5	Salt	48	grams		Rp. 576
6	Candlenut	400	grams		IDR 14,000
7	Garlic	400	grams		IDR 10,000
8	Coriander	160	grams		Rp. 3,520
9	Flavoring	40	grams		IDR 2,000
10	Oil	3	Liter		IDR 57,500
11	Gas (3 pieces)	7	O'clock	@Rp 10,738	IDR 32,214
12	Electricity cost	1	day		Rp. 3,896

Total	IDR 304,468
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Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Based on Table 3. The result of the cost of Rempeyek material is Rp. 304,468 for 110 pcs.

Table 4. Rempeyek Nok Uus Packaging Price

No	Material Name	Quantity	Unit	Price	Total price
1	PP plastic	1	100pcs	IDR 40,000	IDR 40,000
2	Logos	1	25pcs	IDR 2,500	IDR 2,500
	Total				Rp. 42,500

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Table 5. Rempeyek Nok Uus Packaging Price for One-time production

No	Material Name	Quantity	Unit	Price	Total price
1	PP plastic	110	Pcs	Rp. 400	IDR 44,000
2	Logos	110	Pcs	Rp. 100	IDR 11,000
	Total				Rp. 55,000

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Based on Table 5. The result of the calculation of packaging capital is Rp. 55,000 for 110 pcs.

working day 8 hours of Rp 50,000. There are 4 employees, namely Production, Packaging, and Shipper. Here is the Table and Cost Details:

c. Labor Cost

MSME owner Rempeyek Nok Uus uses a daily wage method, which is in 1

Table 6. One-Time Production Labor Cost Details

No	Division	Wage Costs	Employee	Total cost
1.	Production	IDR 50,000	2	IDR 100,000
2.	Packer	IDR 50,000	1	IDR 50,000
3.	Sender	IDR 50,000	1	IDR 50,000
	Total			IDR 200,000

Source: MSMES Rempeyek, Nok Uus, Processed by the author 2023

Based on Table 6, the results of the calculation of labor costs for 4 employees are Rp. 200,000 per day.

In Rempeyek Nok Uus MSMEs, there are additional costs as follows:

d. Additional charges

Table 7. Additional Cost for One-time Production

No	Fee Type	Amount of Fee
1.	Shipping cost	IDR 10,000
	Total	IDR 10,000

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

From Table 7. It is noted that in one production, the costs incurred for delivery reach Rp. 10,000.

e. Rempeyek Cost Recapitulation

Table 8. Rempeyek Cost Recapitulation

No	Fee Type	The amount of costs
1.	Depreciation	IDR 1,290,507
2.	Cost of peanut brittle ingredients	IDR 304,468

3.	Packaging Costs	IDR 55,000
4.	Labor costs	IDR 200,000
5.	Additional cost	IDR 10,000
Total		IDR 1,859,975

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Based on Table 8. The cost of the Rempeyek cost recapitulation results is Rp. 1,859,975.

f. Unit Production Cost

The unit cost for the production of Rempeyek Nok Uus is calculated by combining the total cost of production then dividing it by the number of goods ready for sale.

Cost of Goods Produced per Unit = Results of All Costs: Number of Products
 IDR 1,859,975: 110 pcs = IDR 16,908 (rounded up to IDR 17,000).

DISCUSSION

Selling Price According to MSMEs

Using MSME calculations in setting selling prices results in lower costs, because the pricing process by Nok Uus MSMEs is

carried out through estimation and direct determination of selling prices, namely Rp. 15,000 for transactions with clone stalls and Rp. 15,500 for distribution to modern retail.

Selling Price Using Cost Plus Pricing

MSMEs Rempeyek Nok Uus determines the unit rate for rempeyek based on the calculation of the basic cost of production, plus the targeted profit percentage as follows:

Total Markup = Desired profit 20% x Rp. 17.000

= Rp. 3.400 Cost of Goods Produced

Total Selling Amount = Rp. 17.000 + Rp. 3.400

= Rp. 20.400 rounded up

to Rp. 20.000

Differences in Selling Prices and Recommendations

Table 9. Difference in Selling Price

Company Selling Price	Selling Price Cost Plus Pricing Method (20% Markup)
IDR 15,000 Rp. 15,500	IDR 20,000

Source: MSMES Rempeyek Nok Uus, Processed by the Author 2023

Based on Table 9. explains that estimates or traditional methods of determining selling prices yield only minimal profits. This means, to achieve business progress and development requires a long period. On the other hand, with the application of *the Cost-Plus Pricing Method*, all production costs are calculated in detail. This study aims to provide input for Rempeyek Nok Uus MSMEs in determining their selling prices. Based on the results of data analysis, the selling price of Rempeyek Nok Uus products is Rp. 20,000. the value includes the expected *markup* of 20%. This calculation is done simply, making it easier to do calculations to determine the selling price.

5. CONCLUSION

The determination of the selling price of Rempeyek Nok Uus is carried out by calculating the cost of raw materials,

including the cost of main and additional raw materials. Next, the estimated expenses incurred during product manufacturing including shipping costs and depreciation are taken into account which are often ignored by MSME actors and never taken into account.

Based on the results of the study, it was found that the sales prices set by companies or MSMEs tend to be lower. This is due to the lack of calculation of production expenditures in detail, in contrast to the *cost-plus pricing method*, the results of calculations using the *cost-plus pricing method* are higher because in the calculation of selling prices all cost elements are calculated in detail and added with *the desired markup* of 20%.

IMPLICATION

For business actors, it is better to use the *cost-plus pricing method* so that MSME expenditure costs are more effective because they take into account all elements of costs

incurred by MSMEs and add *the markup* desired by MSMEs. Thus, MSMEs benefit from the sales of Rempyek instead of losses.

For researchers who want to research similar topics in the future, it is advisable to

collaborate with several MSMEs and consider adding various types of costs in their studies. This step is expected to make it easier for companies to set the selling price of their products more accurately.

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