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Financial Forecasting as a Strategic Tool for Competitive Pricing Formulation in the Small-Scale Soy Sauce Industry

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Abstract

This study analyzes the application of financial forecasting in developing a competitive pricing strategy at Kecap X Small Industry. A qualitative research method was used by examining sales data from 2024 to 2025 and projecting sales for 2026 using the least square method. The results indicate a potential sales increase of 0.05% in 2025, supported by declining inflation trends and competitive price adjustments compared to competing products such as Kecap ABC, Bango, Sedap, and Indofood. The company is advised to optimize production cost efficiency through supply chain optimization and implement marketing strategies such as seasonal discounts and bundling packages to expand market reach. With an appropriate pricing strategy supported by comprehensive fundamental analysis, the profitability and market competitiveness of Kecap X Small Industry are expected to improve sustainably amidst dynamic market competition.

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1. Introduction

In today's increasingly competitive and dynamic business landscape, a company's ability to accurately predict the future is key to success, including for small businesses like Kecap X. One invaluable tool in this endeavor is financial forecasting. Through financial forecasting, companies can project their future financial performance, identify potential risks, and make informed strategic decisions. Rapid advances in technology, such as the internet and digital technology, have brought significant changes to current financial products, financial functions, and risk management systems, impacting the pace of progress in the financial markets. These advancements have also impacted the management of most companies' funds, which utilize information technology for financial management. These changes can result in significant fluctuations and uncertainty in financial data.

Through financial statement analysis, various information can be obtained regarding the financial condition and success of an institution, along with additional data crucial for management decisions (Anom & Safii, 2022)Fundamental analysis is an approach used to evaluate a company's condition by considering its performance in previous periods, current conditions, and future projections. Fundamental analysis evaluates a company's condition by considering its past, current, and future projections. The primary objective of this analysis is to identify companies with intrinsic value based on their financial condition, growth potential, risk level, and cash flow. The fundamental analysis process involves several stages: an evaluation of the industry environment and implemented business strategies, financial statement analysis, and an assessment of the company's prospects (Muliyani et al., 2024). The framework for fundamental analysis includes four main stages: business strategy evaluation, accounting audit, financial condition analysis, and a prospective assessment that examines the company's potential for future development (Gumanti, 2011).

Fundamental analysis is an approach used to evaluate a company's condition by considering its performance in previous periods, current conditions, and future projections. Fundamental analysis evaluates a company's condition by considering past, current, and projected performance. The primary objective of this analysis is to identify companies with intrinsic value based on their financial condition, growth potential, risk level, and cash flow. The fundamental analysis process involves several stages: an evaluation of the industry environment and implemented business strategies, financial statement analysis, and an assessment of the company's prospects (Muliyani et al., 2024).

Small Soy Sauce Industry X, as a business player in the traditional food and beverage sector in Indonesia, certainly understands the importance of financial forecasting in running its business. Small and Medium Enterprises (SMEs) play a strategic role in the national economy, employing a large workforce and contributing significantly to Indonesia's Gross Domestic Product (GDP) ((Kementerian Koperasi dan UMKM Republik Indonesia, 2023). With a constantly expanding product portfolio and a dynamic market, the company needs a deep understanding of market trends, consumer behavior, and internal financial performance to develop an effective business strategy. One crucial aspect of Kecap X's business strategy is pricing. Competitive pricing not only attracts consumers but also contributes to increasing market share and profitability. However, determining the right price is not easy. Companies must consider several factors, including production costs, market demand, competitors' product prices, and the company's strategic objectives (Kotler, 2002).

Financial forecasting can provide valuable insights into the pricing process. By projecting future production costs, companies can determine the accurate cost of goods manufactured. Furthermore, financial forecasting can help companies identify market demand trends, allowing them to adjust product prices to better align with consumer preferences. In practice, financial forecasting offers several benefits, including increased planning accuracy, identification of potential risks, informed and accurate decision-making, and optimization of profitability (Shiela et al., 2024). For small industries like Kecap X, the ability to accurately forecast financial results is increasingly crucial given the limited resources available and the high level of risk.

2. Methods

This study aims to analyze the application of financial forecasting in formulating a competitive pricing strategy in the Small-Scale Soy Sauce Industry X. In this study, the authors used qualitative research methods to analyze the sales trends of Kecap X from 2023 to 2024. The data for this study consisted of the company's quarterly financial reports, obtained from internal company data in the form of financial reports and sales records. The study also considered the inflation rate, competitor product prices, and average revenue in determining competitive prices. This study also used a case study approach to gain a deeper understanding of financial forecasting practices implemented by the small-scale industry (Cahyono & Rifanda Putri, 2024).

Data collection techniques included in-depth interviews with the owner and operational manager of Kecap X, direct observation of the production and sales processes, and analysis of the company's financial documents and sales records (Sugiyono, 2012). The collected data were then analyzed using qualitative descriptive analysis techniques to describe sales trends and factors influencing pricing. In addition, this study also uses the least squares method to estimate sales in the future period (Gujarati & Porter, 2009). The Least Squares Method is a time series data analysis technique used for forecasting by drawing a linear trend line by minimizing the sum of the squares of errors (differences) between historical data and the trend line (Yin, 2018).

3. Results and Discussion

Using sales data from 2024 to 2025, an analysis was conducted to estimate 2026 sales using the least squares method. The analysis showed a seasonal pattern in sales of Soy Sauce X, with demand tending to increase during certain periods, such as leading up to religious holidays and the holiday season.

Table 1. Calculation of the least squares method

Period	Y	X	XY	X²
2024				
TW 1	90.07.302	-3	-270.219.906	9
TW 2	70.406.492	-2	-140.812.984	4
TW 3	70.007.505	-1	-70.007.505	1
TW 4	134.204.631	0	0	0
2025				
TW 1	134.053.423	1	134.053.423	1
TW 2	84,003.069	2	168.006.138	4
TW 3	73.690.203	3	221.070.609	9
Total	**656.438.625**	**0**	**42.089.775**	**28**

Source: Data Processed (2026)

$$a = \frac{\Sigma Y}{n} \qquad b = \frac{\Sigma XY}{\Sigma X^2}$$

$$a = \frac{656.438.625}{7} = 93.776.946{,}43 \qquad b = \frac{7.775}{28} = 27{,}68$$

And then $Y = a + b(X)$

Y = 93.776.946,43 + 1.503.206,25 X

Table 2. Sales Forecast of Soy Sauce Factory X

Year	Sales	Growth (%)
2025		
TW 4	99.789.771	0,03
2026		
TW 1	101.292.978	0,03
TW 2	102.796.184	0,03
TW 3	104.299.390	0,03
TW 4	105.802.596	0,03

Source: Data Processed (2026)

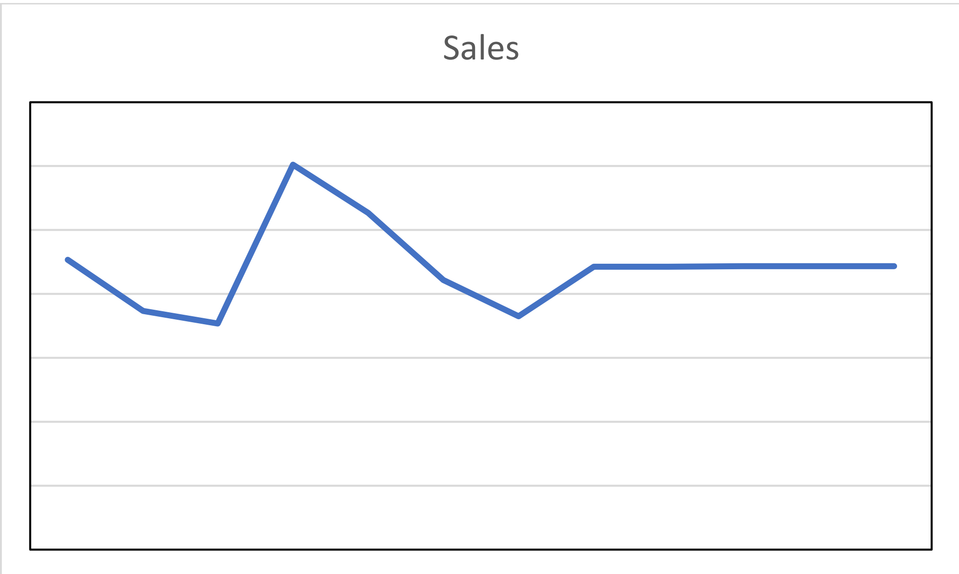

Figure 1. Sales Trend and Forecast Graph for Soy Sauce Factory X
Source: Data Processed (2026)

After estimating sales for the next 5 quarters, the author then lists competitor product prices. The sample is from 600ml bottled soy sauce, the best-selling product from Soy Sauce Factory X.

Table 3. Competitor Product Prices

Product Competitors	Price (600 ml bottle)
ABC	IDR 18.500
Bango	IDR 19.200
Sedap	IDR 16.800
Indofood	IDR 17.500
Average	**IDR 18.200**

Source: Data Processed (2026)

Based on the data above, the average price of competing soy sauce products on the market is Rp 18,000 per 600 ml bottle. Meanwhile, Soy Sauce X is currently marketed at Rp 16,500 per bottle of the same size, indicating that this product is positioned as more affordable than major brands.

Analysis of inflation rate data for the last 6 months from July – December 2025, collected from Bank Indonesia, was conducted to understand the dynamics of price movements of goods and services in general and to identify their impact on people's purchasing power, production costs, and pricing strategies that the Laron Soy Sauce Small Industry will implement in facing constantly changing macroeconomic conditions.

Table 4. Inflation Rate

Month (2025)	Inflation (%)
July	2,13
August	2,12
September	1,84
Oktober	1,71
November	1,55
December	1,57

Source: Bank of Indonesia

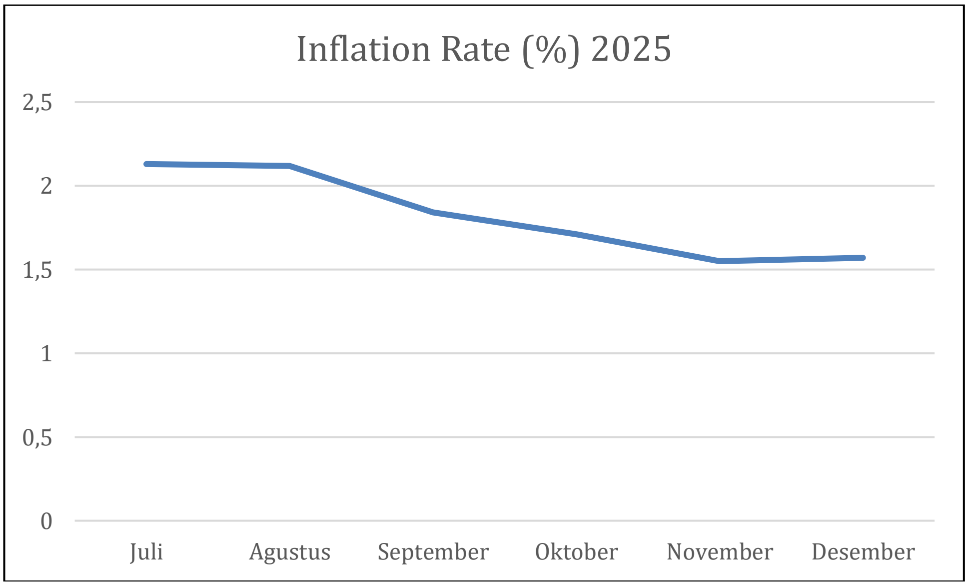

Figure 2. Inflation Rate (%) Semester II 2025
Source: Bank of Indonesia (2025)

Based on the analysis of sales trends for Kecap X from 2023 to 2025, sales are projected to increase by 0.05% compared to the third quarter of 2024. This increase aligns with the downward trend in inflation towards the end of 2024 (Bank Indonesia, 2025). Decreasing inflation can impact consumer purchasing power due to a general decline in prices, which can encourage purchases of consumer products such as the soy sauce offered by Kecap X. This situation creates an opportunity for the company to increase sales volume, thereby potentially increasing profits. Previous studies also indicate a positive correlation between declining inflation rates and increased consumption of food and beverage products in the SME sector (Handayani & Syam, 2025).

In addition to focusing on increasing sales, a strategic step that needs to be considered is cost efficiency. This efficiency can be applied to production, marketing, and other operational costs to ensure optimal profitability (Andriani et al., 2026). The decline in inflation rates occurring towards the end of 2024 can be leveraged to lower raw material and operational costs, potentially supporting a new, more competitive pricing policy in the market. For small-scale industries like Kecap X, cost efficiencies can be achieved through supply chain optimization, the use of appropriate technology in the production process, and improved inventory management (Safii & Rahayu, 2021).

In a competitor pricing analysis, the average price of soy sauce products from competitors such as Kecap ABC, Bango, Sedap, and Indofood is IDR 18,000 per 600 ml bottle. Meanwhile, Kecap X is sold for IDR 16,500 per bottle of the same size (Kecap X Internal Data, 2025). This indicates that Kecap X is positioned as a more affordable product among consumers, which could be attractive to the lower-middle market segment (Tarasabella et al., 2024).

3.2. Discussion

The analysis reveals a clear opportunity for Small-Scale Soy Sauce Industry X to expand its market share through strategic price adjustments. The favorable inflation environment at the close of 2024 enables cost reductions in production, creating room for value-driven promotions like bundled deals and seasonal discounts. When combined with rigorous cost management and competitive price intelligence, these measures are expected to fortify the company's market presence and deliver sustained profit improvements.

One of the main challenges faced by Kecap X in implementing financial forecasting is the limited availability of historical data and human resource capacity for financial analysis (Safii & Rahayu, 2021). However, with the support of increasingly accessible information technology and appropriate training, this small industry can improve its financial forecasting capabilities. According to Anom, et al. (2025), the use of simple accounting software and data analysis applications can help SMEs conduct financial forecasting more accurately and efficiently. By utilizing financial forecasting data, declining inflation rates, and competitor pricing preferences, Kecap X can consider more competitive pricing strategies, such as discounts or bundling packages, to expand market reach without compromising product quality.

The practical implication of this research is that Kecap X can adopt a more systematic approach to pricing, taking into account external factors such as inflation and competitor prices, as well as internal factors such as production costs and sales projections. This approach is expected to help the company maintain its competitive position in the market and increase profitability in the long term (Kotler & Keller, 2014).

Kecap X also needs to continue product innovation and brand development to maintain consumer loyalty. Research by Fauzi & Rahayu (2022) shows that traditional soy sauce products that successfully maintain their authentic taste while adapting to modern packaging and marketing strategies can survive and thrive amidst intense competition.

4. Conclusion

Based on the analysis, it can be concluded that Small-Scale Soy Sauce Industry X has the opportunity to increase sales volume by implementing a more competitive pricing strategy. The decline in inflation at the end of 2025 can be used to lower production costs, supporting the implementation of promotional policies such as discounts and bundled packages. By optimizing cost efficiency and paying attention to competitor pricing, the company can strengthen its market position while increasing profitability.

Consistently implementing financial forecasting can help Small-Scale Soy Sauce Factory X formulate a more appropriate pricing strategy, taking into account both external and internal factors. This is crucial to ensure business sustainability amidst increasingly fierce competition and dynamic economic conditions.

Practically, the results of this study provide operational guidance for the Small Soy Sauce Industry X in optimizing pricing strategies and financial planning. The company is advised to conduct financial forecasting quarterly using simple methods such as Least Squares to anticipate fluctuations in demand and production costs, while developing a dynamic pricing strategy that considers inflation movements, competitor prices, and consumer purchasing power. In addition, the company needs to improve operational cost efficiency through long-term negotiations with raw material suppliers, supply chain optimization, and the implementation of a better inventory management system, as well as strengthen its competitive position through product differentiation, regular monitoring of competitor prices, and the development of customer loyalty programs. The results of this study can also serve as a reference for other SMEs in the same sector to adopt a similar approach in business planning. They can also provide considerations for policymakers and financial institutions in designing mentoring and financing programs that are appropriate to the characteristics and needs of small industries amid ever-changing economic dynamics.

This study has several limitations, including its qualitative, descriptive, and contextual approach; the results cannot be widely generalized to other industries or regions and are highly dependent on the researcher's interpretation and internal company data, which may be limited in accuracy and completeness. A further limitation is that this study does not measure other variables such as price elasticity of demand, marketing costs, or consumer satisfaction, which also play an important role in the success of pricing strategies, so further research with a quantitative approach and a wider range of variables is highly recommended to complement these findings.

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