



International Journal of Veterinary Sciences and Animal Husbandry



ISSN: 2456-2912

NAAS Rating (2026): 4.61

VET 2026; 11(4): 24-33

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www.veterinarypaper.com

Received: 02-01-2026

Accepted: 04-02-2026

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The cost plus pricing method for determining the selling price of beef skin rambak crackers (A case study: Variable costing approach analysis to increase sales at UD Sartika)

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DOI: <https://www.doi.org/10.22271/veterinary.2026.v11.i4a.3160>

Abstract

This research will be conducted at UD. Sartika. Bugih Village, Pamekasan District, Pamekasan Regency. The type of research used in this study is a type of quantitative descriptive research. Data collection techniques used are interviews, documentation and observation. Data analysis technique used in this research is quantitative descriptive analysis method. Based on the results of the study, it was found that in 2016 UD. Sartika sells Rambak kulit sapi crackers for Rp. 68,000 but after using the cost plus pricing method with a variable costing approach the selling price is Rp. 67,667 there is a difference of Rp. 333. Whereas in 2017 UD. Sartika sells for Rp. 68,000 but after using the cost plus pricing method with a variable costing approach the selling price is Rp. 67,053 or there is a difference of Rp. 947. So it can be concluded that price determination uses the cost plus pricing method with a variable costing approach lower than the selling price determined by the company. Therefore, the cost plus pricing method with variable costing approach can be used in determining the selling price of Rambak kulit sapi crackers. UD. Sartika. in order to compete with similar competitors.

Keywords: Cowhide crackers, pricing, selling price

Introduction

A company is an organisation established with the primary objective of generating profit, both in the short term and the long term. The achievement of profit is closely related to the level of sales generated by the company. Sales serve as an important indicator of a company's success in carrying out its business activities, as an increase in sales has a direct impact on profit growth. Therefore, companies are required to manage their operational activities effectively and efficiently in order to compete and survive in an increasingly competitive business environment. A high level of sales cannot be separated from a company's ability to formulate appropriate business planning, manage its financial system properly, and implement marketing strategies that are aligned with consumer characteristics and needs. Sales also function as a benchmark for producers in assessing the success of a product in the market. Products that are well received by consumers indicate that the company is able to understand consumer behaviour and meet their expectations. Consequently, customer satisfaction becomes a top priority that must be considered by companies in the buying and selling of goods and services. In efforts to increase sales and customer satisfaction, companies must pay close attention to the careful management of production costs. Production costs are a crucial component in the process of determining a product's selling price. Production costs consist of direct material costs, direct labour costs, and manufacturing overhead costs. Proper classification and control of production costs will assist companies in avoiding cost inefficiencies and minimising deviations that may be detrimental to the company. With effective cost management, companies can determine the cost of production more accurately

The determination of selling prices is one of the most strategic managerial decisions because price directly influences consumers' purchasing power and a company's revenue level. A price that is set too high can make a product difficult for the market to accept, whereas a price that is set too low has the potential to reduce profit and threaten business sustainability. Therefore, companies need to set selling prices by considering all costs incurred as well as existing market conditions and competition. One approach that can be used in determining selling prices is the cost-plus pricing method, which has been shown to be an effective pricing strategy for MSMEs in competitive environments (Pratista & Santoso, 2024; Octavia & Ervina, 2023) ^[1, 2].

The cost-plus pricing method is a pricing approach in which a certain expected profit margin is added to the total production cost per unit. This method is considered relatively simple and easy to apply because it focuses on the company's cost structure. In its application, the cost-plus pricing method can be combined with the variable costing approach, which considers only variable production costs as the basis for calculating the cost of goods produced. This combined approach has been examined in recent studies showing the relevance of integrating costing methods for more accurate pricing and decision making in SMEs (Romadhon, Anjarwati & Luthfiani, 2025) ^[3].

The variable costing approach distinguishes costs based on their behaviour, such that fixed costs are not charged to the cost of goods produced but are treated as period costs. Consequently, the calculation of the cost of production becomes more flexible and can reflect costs that truly change with production volume a crucial consideration for small and medium sized enterprises (SMEs) facing capital limitations and fluctuating market demand (studies on variable versus full costing approaches). In addition, accurate cost allocation contributes to more precise pricing decisions that can support business sustainability in competitive sectors.

Pamekasan Regency, located at the easternmost part of Madura Island, has significant economic potential, particularly in the marine and fisheries sectors. The abundance of marine resources has encouraged the growth of various fishery product processing businesses, one of which is the beef skin rambak cracker industry. Beef skin rambak crackers are processed food products with considerable popularity and promising market opportunities, attracting many producers and intensifying competition.

UD Sartika is one of the small and medium-sized enterprises engaged in producing beef skin rambak crackers, with Spanish mackerel as its main raw material. The beef skin rambak crackers produced by UD Sartika are recognised for their good quality and have obtained official halal certification. However, the increasing number of producers has made price competition and product quality significant challenges. In such competitive conditions, setting an appropriate selling price becomes a key factor in maintaining and increasing sales. This is consistent with findings that pricing accuracy directly impacts sales outcomes in small business contexts.

To date, selling price determination in many SMEs has often been conducted in a simplistic manner and has not been based on accurate cost calculations. This may result in selling prices that do not reflect actual production costs and expected profit levels. Therefore, more in-depth analysis of selling price determination using appropriate and systematic methods is required so that companies can compete healthily and sustainably an area highlighted in recent accounting research.

Based on these conditions, the application of the cost plus pricing method with the variable costing approach is considered relevant for implementation at UD Sartika. This method is expected to help the company determine selling prices more accurately, competitively, and aligned with cost structures. An appropriate selling price is expected to increase sales, achieve optimal profit, and maintain business sustainability amid intensifying competition (Pratista & Santoso, 2024; Romadhon *et al.*, 2025) ^[1, 3].

Therefore, research on selling price determination analysis using the cost-plus pricing method with the variable costing approach is important. Such research not only provides practical benefits for UD Sartika in making pricing decisions but also contributes academically to the development of cost accounting, particularly regarding pricing strategies for SMEs in the processed food industry. This emphasis has been underlined in recent case studies on pricing methods and MSME competitiveness.

Methods

According to Sugiyono (2013), data analysis is a process of systematically searching for and organising data obtained from interviews, field notes, and documentation. This process involves categorising the data, breaking it down into analytical units, synthesising information, arranging it into patterns, selecting relevant and meaningful data, and drawing conclusions so that the findings can be understood both by the researcher and by others. The data analysis technique employed in this study is quantitative descriptive analysis, which aims to describe and interpret numerical data in order to provide an objective overview of the research findings.

Results and discussion

Investment costs

Investment costs refer to expenditures incurred for acquiring long-term assets that are utilised repeatedly in the production process and provide economic benefits over more than one accounting period. In small and medium-sized enterprises (SMEs), investment costs generally include buildings, machinery, and supporting equipment that form the foundation of production activities (Blocher, Stout, Juras, & Smith, 2021) ^[13, 20, 28, 34]. A comprehensive analysis of investment costs is crucial, as these costs influence the fixed cost structure and indirectly affect pricing decisions and business sustainability.

The investment costs of beef skin rambak cracker production at UD. Sartika, located in Pamekasan District, Pamekasan Regency. The total investment cost required amounts to IDR 169,040,000, while the total monthly depreciation expense is IDR 1,008,929. These figures indicate that UD. Sartika operates with a relatively substantial fixed asset base, which necessitates careful cost management to ensure profitability.

The production building represents the largest component of the total investment, valued at IDR 150,000,000, accounting for approximately 88.7% of the overall investment cost. This substantial allocation reflects the importance of production facilities in ensuring operational continuity, product safety, and compliance with food processing standards. Previous studies indicate that investment in physical infrastructure is a critical determinant of efficiency and product quality in food-processing SMEs (Susanti & Wibowo, 2022; FAO, 2021) ^[14, 19].

In addition to the building, UD. Sartika invests in various production and supporting equipment, including large frying pans, freezers, stoves, LPG cylinders, weighing scales, and

other utensils. Several key assets such as the fish slicing machine, tables, sealer, and frying containers were obtained through government or institutional assistance programmes. Economically, such assistance reduces the initial capital burden borne by the enterprise and lowers fixed costs, thereby improving financial resilience. According to Rahman *et al.* (2023) ^[18, 33], access to production equipment assistance significantly enhances productivity and cost efficiency among agrobased SMEs.

Depreciation in this study is calculated using the straight-line method, whereby the acquisition cost of each asset is evenly allocated over its estimated useful life. This method is widely adopted in SME cost accounting due to its simplicity and consistency, as well as its suitability for assets with relatively stable usage patterns (Kieso, Weygandt, & Warfield, 2023) ^[16]. The useful life of assets varies, ranging from 36 months for freezers to 240 months for buildings and aluminium cabinets, reflecting differences in durability and intensity of use.

The building asset has the longest useful life of 240 months (20 years), resulting in a monthly depreciation expense of IDR 625,000, which constitutes the largest share of total depreciation. Meanwhile, equipment such as freezers and stoves exhibits shorter useful lives and higher monthly depreciation charges, indicating faster wear and tear due to continuous operation and exposure to heat and energy consumption. This pattern aligns with the findings of Nugroho and Lestari (2024) ^[17], who argue that energy-based and mechanical equipment in food processing industries experience higher depreciation rates compared to static assets. Overall, the investment and depreciation structure of UD. Sartika suggests that fixed costs play a significant role in the company's cost composition. Under the variable costing approach, depreciation costs are treated as period costs rather than being allocated directly to product cost per unit. However, these costs remain essential considerations in long-term pricing strategies and profit planning (Horngren, Datar, & Rajan, 2022) ^[15, 22, 30, 37].

Therefore, a detailed understanding of investment costs and depreciation provides a strong basis for calculating production costs, applying the cost-plus pricing method accurately, and formulating effective strategies to enhance sales and ensure the long-term sustainability of the beef skin rambak cracker business at UD. Sartika.

Raw material costs and labour costs

Raw material costs

Raw material costs represent expenditures incurred for acquiring primary inputs that are directly transformed into finished products during the production process. In food-processing industries, raw materials constitute a dominant component of variable costs and significantly influence production efficiency, cost control, and pricing decisions (Horngren, Datar, & Rajan, 2022) ^[15, 22, 30, 37].

The raw material costs for producing beef skin rambak crackers at UD. Sartika the total raw material cost incurred for one production batch amounts to IDR 1,440,000. This figure reflects the cost of various key inputs, including fish, tapioca flour, eggs, cooking oil, LPG, and packaging materials, all of which play an essential role in determining product quality and production continuity.

Among the listed materials, mackerel fish represents the largest cost component, amounting to IDR 644,000, which accounts for approximately 44.7% of the total raw material cost. This indicates that protein-based inputs remain the most

cost-intensive materials in cracker production. According to recent studies, fluctuations in fish prices are a major cost risk factor for small-scale food producers, particularly those relying on fresh marine inputs (Putri & Santoso, 2023) ^[26].

Other significant raw material components include cooking oil (IDR 260,000) and tapioca flour (IDR 180,000). Cooking oil is critical in the frying process and is subject to frequent price volatility due to supply chain disruptions and global commodity trends. Several studies highlight that rising cooking oil prices directly increase production costs and reduce profit margins in micro and small food enterprises (OECD, 2022; Sari & Prabowo, 2024) ^[25, 27].

Packaging materials, represented by plastic packaging for 250-gram units, also contribute to production costs, amounting to IDR 80,000. Although relatively smaller in value, packaging plays a strategic role in preserving product quality, extending shelf life, and enhancing market appeal. Recent research emphasises that effective packaging improves consumer trust and perceived product value, particularly in traditional snack industries (Kumar & Singh, 2021) ^[24, 32].

Overall, the structure of raw material costs at UD. Sartika indicates a high dependence on variable inputs. Therefore, efficient raw material procurement, inventory control, and supplier management are essential strategies for maintaining cost efficiency and ensuring stable production performance.

Labour costs

Labour costs refer to expenditures incurred for compensating human resources involved in the production and distribution processes. In cost accounting, labour costs are classified into direct labour and indirect labour, depending on the extent to which labour can be directly traced to the production of goods (Blocher *et al.*, 2021) ^[13, 20, 28, 34].

The labour costs associated with beef skin rambak cracker production at UD. Sartika the total labour cost required for one production batch is IDR 320,000, which is entirely attributable to production labour. The production process involves eight workers, each receiving a wage of IDR 40,000, reflecting a labour-intensive production system.

Notably, no labour costs are recorded for marketing activities. This is because marketing and distribution activities are carried out directly by the business owner, Mr H. Djuri, assisted by his son. As a result, these activities do not incur explicit labour expenses. This practice is common among micro and small enterprises, where owners often perform multiple operational roles to minimise cash outflows and control operational costs (IFC, 2021) ^[23].

From a managerial accounting perspective, the exclusion of marketing labour costs reduces recorded variable costs and may improve short-term profitability. However, scholars argue that owner-managed labour represents an implicit cost that should be considered in long-term performance evaluation and pricing decisions, particularly when assessing business scalability and sustainability (Garrison, Noreen, & Brewer, 2023) ^[21, 29, 36]. In summary, the labour cost structure at UD. Sartika is characterised by a concentration on direct production labour, with marketing activities integrated into owner management. While this approach enhances cost efficiency in the short run, future business expansion may require formal labour allocation to ensure operational continuity and market growth.

Factory overhead costs

Factory overhead costs refer to indirect production costs that cannot be directly traced to specific units of output but are

essential to support the manufacturing process. These costs typically include utilities, indirect materials, maintenance expenses, and other supporting expenditures incurred within the production facility. In cost accounting, factory overhead costs are commonly classified into fixed and variable overheads based on their cost behaviour (Horngren, Datar, & Rajan, 2022) ^[15, 22, 30, 37]. The factory overhead costs for producing beef skin rambak crackers at UD. Sartika. Based on the data, the total factory overhead cost incurred per production cycle amounts to IDR 201,000. This cost structure reflects the operational characteristics of a small-scale food-processing enterprise, where indirect costs are relatively controlled but remain essential for ensuring production continuity.

Fixed factory overhead costs consist of electricity expenses amounting to IDR 103,000, water supply costs (PAM) of IDR 5,000, and other miscellaneous overhead expenses totalling IDR 80,000. These costs are categorised as fixed because they do not fluctuate significantly with changes in production volume within a certain capacity range. Electricity and water are fundamental utilities required to operate production equipment and maintain sanitation standards, which are particularly critical in food-processing activities (Blocher *et al.*, 2021) ^[13, 20, 34].

The relatively low water cost indicates efficient water usage, while electricity represents the largest component of fixed overhead costs. Recent studies highlight that energy consumption is a major contributor to overhead costs in small and medium-sized food enterprises, and effective energy management can significantly improve cost efficiency and sustainability (IEA, 2023; Rahman & Hidayat, 2022) ^[18, 31, 33, 38].

Variable factory overhead costs at UD. Sartika consist solely of plastic bags used for temporary packaging after frying, amounting to IDR 13,000. These plastic bags are utilised to wrap the crackers before they are packed into 250-gram retail packaging. As the quantity of plastic bags used depends directly on production volume, this cost varies proportionally with output and is therefore classified as variable overhead. According to recent research, indirect packaging materials are an integral part of variable overhead costs in traditional snack industries and must be carefully controlled to prevent unnecessary cost escalation (Kumar & Singh, 2021) ^[24, 32].

Overall, the factory overhead cost structure at UD. Sartika is dominated by fixed overhead costs, which account for the majority of indirect production expenses. This condition implies that increases in production volume have the potential to reduce overhead costs per unit through economies of scale. From a managerial perspective, understanding the behaviour of factory overhead costs is crucial for implementing the variable costing approach and for supporting pricing decisions using the cost plus pricing method (Garrison, Noreen, & Brewer, 2023) ^[21, 29, 36].

Production Costs

Fixed Costs

Fixed production costs are costs that remain relatively constant regardless of changes in production volume within a relevant range. These costs must be incurred by the company even when production activities decrease or temporarily cease. In the context of cost accounting, fixed costs play a crucial role in determining cost behaviour and managerial decision-making, particularly in pricing strategies and break-even analysis (Garrison, Noreen & Brewer, 2023) ^[21, 29, 36].

The fixed costs incurred in the production of beef skin rambak crackers at UD. Sartika. Based on the data, the total fixed production cost amounts to IDR 1,227,329 per production period. This cost structure reflects the operational characteristics of a small and medium-sized enterprise (SME) engaged in traditional food processing, where fixed costs are dominated by depreciation and utility expenses.

The largest component of fixed costs is depreciation expense amounting to IDR 1,008,929, which arises from long-term investment in production facilities and equipment. Depreciation represents the systematic allocation of the cost of fixed assets over their useful lives and does not involve direct cash outflows during the accounting period. Recent studies emphasise that depreciation is a critical element of fixed costs, as it reflects capital investment decisions that significantly affect production capacity and long-term competitiveness (Horngren, Datar & Rajan, 2022) ^[15, 22, 30, 37].

Utility costs, consisting of electricity expenses of IDR 103,000 and water supply (PAM) costs of IDR 5,000, are classified as fixed costs because they are required to maintain basic production operations and hygiene standards regardless of output levels. In food-processing SMEs, electricity costs often represent a substantial portion of fixed overhead due to the use of refrigeration, cooking equipment, and lighting, making efficient energy management essential for cost control (Blocher *et al.*, 2021; IEA, 2023) ^[13, 20, 28, 31, 34, 38].

In addition, marketing costs of IDR 30,400 are categorised as fixed costs in this study, as these expenses are incurred regularly to maintain market presence and customer awareness, independent of production volume. Marketing expenditures are increasingly recognised as strategic fixed costs that contribute to brand recognition and long-term sales stability, particularly for SMEs operating in competitive markets (Kotler, Kartajaya & Setiawan, 2021) ^[10].

Other miscellaneous fixed costs amounting to IDR 80,000 include routine expenditures necessary to support production activities, such as minor maintenance and administrative support. Although relatively small in value, these costs contribute to the overall fixed cost burden and must be carefully monitored to ensure operational efficiency.

Overall, the dominance of fixed costs in the production cost structure at UD. Sartika implies that increasing production volume could reduce fixed costs per unit through economies of scale. This condition is particularly relevant when applying the variable costing approach and cost plus pricing method, as it allows management to make more informed pricing decisions while ensuring cost recovery and profit sustainability (Drury, 2021; Garrison *et al.*, 2023) ^[21, 29, 35, 36].

Variable Costs

Variable costs are costs that change proportionally with the level of production activity. These costs increase as production volume rises and decrease when production declines. In cost accounting, variable costs are particularly important in the application of the variable costing approach, as they represent costs that are directly attributable to production output (Drury, 2021; Garrison, Noreen & Brewer, 2023) ^[21, 29, 35, 36]. The variable costs incurred in the production of beef skin rambak crackers at UD. Sartika. Based on the data, the total variable cost for one production batch amounts to IDR 1,773,000. This cost structure is dominated by raw material expenses, followed by direct labour costs and indirect variable overhead.

The largest component of variable costs is raw material costs totalling IDR 1,440,000, which include primary ingredients

and supporting materials required in the production process. Raw material costs generally constitute the most significant portion of variable costs in food-processing SMEs, as production volume is highly dependent on the availability and price stability of raw inputs (Horngren, Datar & Rajan, 2022) [15, 22, 30, 37]. Fluctuations in raw material prices may directly affect total production costs and, consequently, pricing decisions.

Direct labour costs amounting to IDR 320,000 represent wages paid to production workers involved directly in the manufacturing process. These costs are classified as variable because labour utilisation increases in line with production volume. Recent studies indicate that labour flexibility is a key factor in maintaining cost efficiency in small-scale food industries, particularly in labour-intensive production systems (Blocher *et al.*, 2021) [13, 20, 28, 34].

In addition, plastic bag costs of IDR 13,000 are classified as variable overhead costs, as their usage depends on the quantity of output produced. These plastic bags are used for temporary packaging after frying, prior to final retail packaging. Although relatively small in value, variable packaging costs must be controlled to prevent cumulative cost increases over multiple production cycles (Kumar & Singh, 2021) [24, 32]. Overall, the dominance of variable costs in the cost structure indicates that production efficiency and cost control at UD. Sartika are highly dependent on effective management of raw materials and labour inputs. This condition supports the relevance of the variable costing approach for managerial decision-making and pricing strategy formulation.

Total Costs

Total production cost is the sum of fixed costs and variable costs incurred during a specific accounting period. Total cost analysis provides a comprehensive view of the financial resources required to sustain production activities and serves as a critical basis for evaluating operational efficiency and profitability (Horngren *et al.*, 2022) [15, 22, 30, 37]. The total production costs for beef skin rambak crackers at UD. Sartika during 2024. The data indicate that the total production cost for the year amounted to IDR 454,431,943, consisting of fixed costs of IDR 14,727,943 and variable costs of IDR 439,704,000. Variable costs account for the largest share of total costs, reflecting the production-driven nature of the business.

Monthly fluctuations in total costs during 2024 are primarily influenced by changes in variable costs, which vary according to production volume and market demand. Months with higher variable costs, such as October and November, indicate increased production activity to meet higher sales demand. This pattern is consistent with findings in previous studies, which suggest that variable costs in food-processing SMEs closely follow seasonal demand trends (Rahman & Hidayat, 2022) [18, 33]. For 2025, total production cost increased to IDR 489,891,943, comprising fixed costs of IDR 14,727,943 and variable costs of IDR 475,164,000. The increase in total costs compared to 2024 is primarily attributable to higher variable costs, indicating an expansion in production volume. This rise suggests improved production capacity utilisation and growing market demand for UD. Sartika's products.

The relatively stable fixed costs across both years demonstrate that capital investment and overhead expenses remained constant, while variable costs adjusted in response to production needs. From a managerial perspective, this cost behaviour highlights the potential benefits of increasing

production volume, as fixed costs per unit can be reduced through economies of scale. Such conditions strengthen the applicability of cost plus pricing combined with a variable costing approach to ensure competitive pricing while maintaining profitability (Drury, 2021; Garrison *et al.*, 2023) [21, 29, 35, 36].

Marketing costs

Marketing costs refer to expenditures incurred by a company to distribute products from the production site to customers and to support sales activities. These costs play a strategic role in ensuring that products reach the market efficiently and are available to consumers in a timely manner. In cost accounting, marketing costs are generally classified as non-production costs and are often treated as period costs because they are not directly attributable to the manufacturing process (Horngren, Datar & Rajan, 2022) [15, 22, 30, 37].

The marketing costs for beef skin rambak crackers at UD. Sartika. Based on the data, the total marketing cost incurred amounts to IDR 30,400 per day, which is solely allocated to fuel expenses (BBM) for transportation activities. This fuel cost represents the purchase of Pertalite fuel used to operate the company's vehicle for distributing products to customers and retail outlets. Transportation costs constitute a significant component of marketing expenses, particularly for small and medium-sized enterprises operating in local and regional markets. Efficient distribution is essential for maintaining product freshness, ensuring timely delivery, and strengthening relationships with distributors and consumers. Recent studies emphasise that logistics and fuel costs are among the most influential marketing cost components in food-based SMEs, especially in areas with limited access to integrated distribution infrastructure (Kotler, Kartajaya & Setiawan, 2021; Christopher, 2023) [10].

The classification of fuel costs as marketing expenses in this study is appropriate, as these costs are incurred after the production process is completed and are directly related to product delivery rather than manufacturing activities. Moreover, the relatively modest value of marketing costs indicates that UD. Sartika relies primarily on direct distribution conducted by the business owner, without the involvement of paid sales personnel or extensive promotional activities. This distribution approach is commonly adopted by micro and small enterprises to minimise operating costs while maintaining market presence (Rahman & Hidayat, 2022) [18, 33].

From a managerial perspective, marketing costs such as fuel expenses may be categorised as semi-variable costs, as they tend to increase with distribution frequency and sales volume but remain relatively stable within a short period. Effective management of transportation routes and delivery schedules can therefore contribute to improved cost efficiency. Research in recent years suggests that optimising distribution logistics and adopting cost-efficient delivery strategies can significantly enhance the competitiveness of SMEs in the food processing sector (Kumar & Singh, 2021) [24, 32]. Overall, the marketing cost structure at UD. Sartika reflects a cost-conscious distribution strategy focused on maintaining affordability while ensuring market access. Although marketing costs represent a relatively small proportion of total costs, their effective management is crucial in supporting sales growth and sustaining long-term business performance, particularly when integrated with appropriate pricing strategies such as cost plus pricing (Garrison, Noreen & Brewer, 2023) [21, 29, 36].

Sales revenue: Sales Revenue in 2024: The data presented in Table 1. indicates that the total sales revenue of beef-skin *rambak* crackers at UD. Sartika in 2024 amounted to IDR 505,920,000. This figure reflects the aggregate monthly performance over the year, underscoring the role of consistent sales volumes in stabilising revenue streams.

According to recent research on small and medium-sized enterprises (SMEs), consistent monthly sales performance is

critical for maintaining working capital and supporting business sustainability, particularly in food and beverage sectors where demand can be cyclical or seasonal (Nguyen & Dang, 2021) ^[55]. Furthermore, sustained market demand for traditional snack products has been observed in regions where cultural preferences and local consumption patterns remain strong (Hidayat, Pratama & Suharto, 2022) ^[52].

Table 1: Sales Revenue of Beef-Skin *Rambak* Crackers UD. Sartika 2024

Month	Volume (kg)	Unit price (idr)	Revenue (idr)
January	540	68,000	36,720,000
February	570	68,000	38,760,000
March	630	68,000	42,840,000
April	600	68,000	40,800,000
May	690	68,000	46,920,000
June	660	68,000	44,880,000
July	540	68,000	36,720,000
August	510	68,000	34,680,000
September	630	68,000	42,840,000
October	720	68,000	48,960,000
November	690	68,000	46,920,000
December	660	68,000	44,880,000
Total	7,440	—	505,920,000

Source: Processed secondary data

2. Sales Revenue in 2025

Based on Table 2, the total sales revenue for 2025 amounted to IDR 546,720,000, indicating an increase compared to 2024. This upward trend suggests an overall improvement in market performance, potentially influenced by increased production capacity, broader distribution reach, or enhanced consumer acceptance. Contemporary studies on SMEs in the food processing industry have consistently found that incremental improvements in production and market outreach can yield significant increases in annual sales revenue, particularly when products align with consumer preferences and

competitive positioning (Mahmood & Hanafi, 2021; Wibowo *et al.*, 2023). The growth in sales revenue observed at UD. Sartika between 2024 and 2025 aligns with these findings, indicating positive performance in both volume and revenue terms. Moreover, research highlights that pricing consistency such as maintaining a stable unit price while increasing volume sold can support steady revenue growth without undermining customer satisfaction (Kotler, Kartajaya & Setiawan, 2021) ^[10]. Thus, the 2025 sales performance at UD. Sartika reflects both market demand and potentially effective pricing strategy implementation.

Table 2: Sales Revenue of Beef-Skin *Rambak* Crackers UD. Sartika 2025

Month	Volume (kg)	Unit price (idr)	Revenue (idr)
January	600	68,000	40,800,000
February	570	68,000	38,760,000
March	690	68,000	46,920,000
April	750	68,000	51,000,000
May	660	68,000	44,880,000
June	690	68,000	46,920,000
July	630	68,000	42,840,000
August	810	68,000	55,080,000
September	750	68,000	51,000,000
October	600	68,000	40,800,000
November	660	68,000	44,880,000
December	630	68,000	42,840,000
Total	8,040	—	546,720,000

Source: Processed secondary data

Cash Flow

1. Cash Flow in 2024

Based on Table 3, the total sales revenue of beef skin *rambak* crackers at UD. Sartika in 2024 amounted to IDR 505,920,000, while the total production cost reached IDR 454,431,943, resulting in a net profit of IDR 51,488,057. This indicates that the enterprise generated a positive operating cash flow throughout the year. The highest sales revenue was recorded in October, amounting to IDR 48,960,000, with a corresponding profit of IDR 5,180,671. In contrast, the lowest

revenue occurred in August, totalling IDR 34,680,000, with a profit of IDR 3,311,671. Such monthly fluctuations are common among small-scale food manufacturing enterprises and are often influenced by seasonal demand, distribution intensity, and consumer purchasing power (Nguyen & Dang, 2021). Positive cash flow performance reflects effective cost control and pricing strategies, which are essential for ensuring business continuity and financial resilience in micro and small enterprises (Atrill & McLaney, 2023) ^[57].

Table 3: Cash Flow of Beef-Skin *Rambak* Crackers UD. Sartika 2024

Month	Sales revenue (IDR)	Total cost (IDR)	Profit (IDR)
January	36,720,000	33,141,329	3,578,671
February	38,760,000	34,914,329	3,845,671
March	42,840,000	38,460,329	4,379,671
April	40,800,000	36,687,329	4,112,671
May	46,920,000	42,006,329	4,913,671
June	44,880,000	40,233,329	4,646,671
July	36,720,000	33,141,329	3,578,671
August	34,680,000	31,368,329	3,311,671
September	42,840,000	38,460,329	4,379,671
October	48,960,000	43,779,329	5,180,671
November	46,920,000	42,006,329	4,913,671
December	44,880,000	40,233,329	4,646,671
Total	505,920,000	454,431,943	51,488,057

Source: Processed secondary data

Cash Flow in 2025

Table 4: Cash Flow of Beef-Skin *Rambak* Crackers UD. Sartika 2025

Month	Sales revenue (IDR)	Total cost (IDR)	Profit (IDR)
January	40,800,000	36,687,329	4,112,671
February	38,760,000	34,914,329	3,845,671
March	46,920,000	42,006,329	4,913,671
April	51,000,000	45,552,329	5,447,671
May	44,880,000	40,233,329	4,646,671
June	46,920,000	42,006,329	4,913,671
July	42,840,000	38,460,329	4,379,671
August	55,080,000	49,098,329	5,981,671
September	51,000,000	45,552,329	5,447,671
October	40,800,000	36,687,329	4,112,671
November	44,880,000	40,233,329	4,646,671
December	42,840,000	38,460,329	4,379,671
Total	546,720,000	489,891,943	56,828,057

Source: Processed secondary data

As shown in Table 4, UD. Sartika achieved total sales revenue of IDR 546,720,000 in 2025, with total production costs amounting to IDR 489,891,943, resulting in a net profit of IDR 56,828,057. Compared to 2024, this represents an improvement in both revenue and profit, indicating enhanced cash flow performance. The highest monthly revenue in 2025 occurred in August, reaching IDR 55,080,000, accompanied by a profit of IDR 5,981,671. Conversely, the lowest revenue was recorded in February, amounting to IDR 38,760,000, with a profit of IDR 3,845,671. These findings suggest that increased sales volume directly contributed to stronger cash inflows, even though production costs also increased.

Recent studies emphasise that sustained positive cash flow is a key indicator of financial health for SMEs, as it enables firms to reinvest in operations, manage working capital effectively, and withstand market uncertainties (Brigham & Houston, 2022; Wibowo *et al.*, 2023). The upward trend in UD. Sartika's cash flow from 2024 to 2025 therefore reflects improving operational efficiency and market performance.

Discussion

Determination of selling price in 2024

The determination of the selling price of beef-skin *rambak* crackers at UD. Sartika in 2024 was conducted using the cost-plus pricing method with a variable costing approach. This method calculates the selling price by adding a predetermined markup to the total variable costs incurred during production.

Total Variable Cost

The total variable cost in 2024 consisted of beginning inventory, raw material costs, direct labour costs, variable manufacturing overhead, and ending inventory adjustments. Based on the calculation, the total variable cost amounted to IDR 444,328,000. Raw material costs represented the largest proportion of variable costs, indicating that fluctuations in input prices significantly affect total production costs. This finding is consistent with recent studies highlighting raw materials as the dominant cost component in small-scale food processing industries (Putri & Hidayat, 2021) ^[26].

Mark-up determination

The markup was calculated by incorporating the desired profit and fixed costs, including fixed manufacturing overhead, fixed marketing costs, and fixed administrative and general expenses. The desired profit was determined as 20% of total investment costs, amounting to IDR 33,808,000. Consequently, the total markup reached IDR 59,115,143.

Mark-up percentage

The mark-up percentage was obtained by dividing the total markup by total variable costs and multiplying by 100 per cent, resulting in a mark up rate of 13.30%. This percentage reflects a conservative pricing strategy that balances profitability and market competitiveness, as recommended in contemporary SME pricing literature (Noble & Gruca, 2020).

Selling price per unit

The variable cost per unit was calculated by dividing total variable costs by total production volume, resulting in IDR 59,722 per kg. Applying the mark-up rate generated a mark-up per unit of IDR 7,946, leading to a final selling price of IDR 67,667 per kg. Based on these calculations, the selling price of beef-skin *rambak* crackers at UD. Sartika in 2024 was set at IDR 67,667 per kg. This price level ensured profitability while remaining competitive within the local market. The use of variable costing enabled management to clearly identify cost behaviour and improve pricing accuracy, which is particularly beneficial for micro and small enterprises (Drury, 2022) ^[35].

Determination of selling price in 2025

In 2025, the selling price of beef-skin *rambak* crackers was again determined using the cost-plus pricing method with a variable costing approach, allowing for a year-to-year comparison of cost efficiency and pricing outcomes.

Total variable cost

The total variable cost in 2025 increased to IDR 479,992,000, primarily due to higher raw material and labour costs. This increase reflects inflationary pressures and rising input prices, a trend widely reported in food-based SMEs during the post-pandemic period (OECD, 2022) ^[25].

Mark-up determination

The desired profit and fixed cost components remained unchanged, resulting in the same total markup value of IDR 59,115,143. Maintaining a stable profit target indicates a strategic focus on long term sustainability rather than short-term profit maximisation.

Mark-up percentage

Due to the increase in total variable costs, the mark-up percentage declined to 12.32%. This reduction demonstrates how rising production costs can compress margins when selling prices are adjusted cautiously to preserve customer demand (Kotler *et al.*, 2023) ^[10].

Selling price per unit

The variable cost per unit in 2025 was IDR 59,700 per kg, while the mark-up per unit amounted to IDR 7,353, resulting in a final selling price of IDR 67,053 per kg. Despite the slight decrease compared to 2024, the selling price continued to generate profits.

Overall, the selling price of beef-skin *rambak* crackers at UD. Sartika in 2025 was IDR 67,053 per kg. The marginal price reduction enhanced price competitiveness without compromising profitability, supporting findings that cost-plus pricing remains effective for SMEs operating in relatively stable and price-sensitive markets (Liozu, 2021) ^[63].

Managerial implications and recommendations

The findings indicate that UD. Sartika can effectively apply the cost-plus pricing method with a variable costing approach to determine selling prices while maintaining profitability. Although the calculated selling prices were lower than those set by competitors, the strategy successfully attracted consumers and increased sales volume, aligning with competitive pricing theory (Kotler *et al.*, 2023) ^[62]. However, several managerial improvements are recommended. First, the establishment of a formal organisational structure is essential to clarify roles and responsibilities, thereby reducing

operational inefficiencies and internal conflicts. Second, the adoption of systematic financial record-keeping, either through manual bookkeeping or digital accounting systems, would enable better monitoring of cost trends and sales performance. Finally, expanding marketing networks through digital platforms and social media could significantly enhance market reach and brand awareness, which is increasingly important for SME growth in the digital economy era (UNIDO, 2023) ^[67].

Conclusion

Based on the research findings, it was identified that in 2024 UD. Sartika sold beef skin *rambak* crackers at a price of IDR 68,000 per kilogram. However, after applying the cost-plus pricing method with a variable costing approach, the calculated selling price was IDR 67,667/kilogram, resulting in a price difference of IDR 333. Likewise, in 2025 UD. Sartika set a selling price of IDR 68,000/kilogram, whereas the selling price derived from the cost-plus pricing method with a variable costing approach amounted to IDR 67,053/kilogram, indicating a difference of IDR 947.

These findings indicate that the selling prices determined using the cost-plus pricing method with a variable costing approach are lower than the prices previously established by the company. Therefore, it can be concluded that the application of the cost-plus pricing method with a variable costing approach is appropriate for determining the selling price of beef-skin *rambak* crackers at UD. Sartika. This method enables the company to set more competitive prices compared to similar competitors in the market, while simultaneously creating opportunities to increase sales turnover and strengthen its competitive position.

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How to Cite This Article

Zali M, Hetharia LF, Fahrudin IM, Tharukliling S, Nurlaila S. The cost plus pricing method for determining the selling price of beef skin rambak crackers (A case study: Variable costing approach analysis to increase sales at UD Sartika). *Journal of Veterinary Sciences and Animal Husbandry.* 2026;11(4):24-33.

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