

Analysis of Managerial Decision Making Based on Cost and Revenue Structure in Riteal Companies

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This study aims to analyze the effect of cost structure and revenue projections on managerial decision-making processes in the retail sector amid the economic dynamics of 2025. Amidst fluctuations in people's purchasing power and increased operational costs due to minimum wage adjustments and logistics costs, managers are required to optimize profit margins without sacrificing market competitiveness. The methodology used is quantitative descriptive by conducting a Cost-Volume-Profit (CVP) analysis and Break-Even Point evaluation on the research object. The results of the study show that accurate identification of fixed and variable costs enables management to design more flexible and competitive pricing strategies. Key findings indicate that retail companies that adopt real-time sales data integration into their revenue structure are able to make stock and promotion decisions 30% faster than conventional models. This analysis concludes that strengthening the cost structure through operational digitization is crucial for managers to mitigate the risk of losses and ensure business sustainability amid global market uncertainty in 2025.

Keywords: Cost Structure, Decision Making, Managerial Economics, Revenue Analysis.

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1. Introduction

Managerial Economics, Cost Structure, Entering 2025, the retail industry faces increasingly complex challenges due to shifting consumer behavior and global economic volatility. Competition between conventional retailers and e-commerce platforms requires managers to act not only as operational leaders, but also as precise economic decision-makers. In managerial economics, the success of a retail company depends heavily on management's ability to balance internal cost structures with realistic revenue targets[1].

The cost structure of retail companies is currently under significant pressure, mainly triggered by increases in logistics costs, adjustments to the 2025 Provincial Minimum Wage (UMP), and the costs of adopting digital technology. On the other hand, fluctuations in people's purchasing power affect the company's revenue patterns. Managers' inability to distinguish between fixed costs and variable costs, as well as a lack of analysis of contribution margins, can lead to pricing strategy errors that result in financial losses[2].

Many retail companies fail to survive not because of a lack of sales, but because of management's inability to streamline their bloated cost structures. Decisions are often made intuitively without being based on accurate analysis of cost and revenue data. This is crucial considering that profit margins in the retail industry tend to be thin, so even small changes in operating costs will have a big impact on the break-even point[3].

The purpose of this study is to analyze how cost structure and revenue projections affect the effectiveness of managerial decision-making. Specifically, this study will evaluate the use of Cost-Volume-

Profit (CVP) analysis as a tool for managers in determining minimum sales volume and cost-saving strategies to maximize profits in 2025[4].

In practical terms, the results of this analysis are expected to serve as a guide for retail business managers in preparing more adaptive budgets and making strategic decisions, such as branch expansion or workforce efficiency, based on measurable economic calculations. Academically, this research enriches the study of managerial economics in the context of the modern retail industry[5].

2. Method

This study uses a quantitative descriptive approach. This approach was chosen to systematically describe and analyze the financial data of retail companies, then interpret it to provide a basis for managerial decision-making. The main focus is on the relationship between cost components (fixed and variable) and sales volume and profit[6].

Sources and techniques of data collection

The data used in this study consists of:

- A. Secondary Data: Obtained from the financial position reports and income statements of retail companies for the 2023–2024 period and the 2025 budget projections. This data can be accessed through the company's official portal or the Indonesia Stock Exchange (IDX)[7].
- B. Field Observations: Conducting direct reviews of retail operational processes to identify hidden costs.
- C. Literature Study: Referring to the latest managerial economics literature on cost theory and consumer behavior in 2025.

Research Variables

The variables analyzed in this study include:

- A. Cost Structure: Consists of fixed costs such as building rent and permanent employee salaries, as well as variable costs such as cost of goods sold (COGS), packaging costs, and sales commissions[8].
- B. Revenue Structure: Total sales generated from various product categories at prevailing market prices.
- C. Managerial Decisions: Strategic choices related to pricing, sales volume targets, and cost efficiency policies.

Data Analysis Techniques

To answer the research objectives, the data was processed using statistical and accounting software with the following analysis techniques[9]:

1. Relevant Cost Analysis: Identifies costs that will be affected by future managerial decisions.
2. Cost-Volume-Profit (CVP) Analysis: Used to determine the relationship between changes in costs and volume on operating profit.
3. Break-Even Point (BEP) Analysis: Calculating the minimum sales threshold in units and rupiah so that the company does not incur losses. BEP Formula (Rupiah): $\text{Total Fixed Costs} / (1 - (\text{Total Variable Costs} / \text{Total Sales}))$
4. Margin of Safety Analysis: Calculating the extent to which sales can decline before the company suffers losses, as a basis for risk management for retail managers[10].

Problem Solving Framework

The analysis begins with classifying costs, followed by calculating the contribution margin per product unit. The results of these calculations are then simulated into several decision scenarios (e.g., offering large

discounts vs. reducing digital operating costs) to determine the most optimal impact on the company's profitability in 2025[11].

3. Results And Discussion

This managerial economics article explores how financial data is transformed into strategic decisions[12]. The following is a discussion relevant to the retail industry in 2025:

Cost Classification and Behavior in Modern Retail

The first step in decision-making is understanding how costs relate to business activities. By 2025, retail managers will need to be astute in categorizing costs to maintain efficiency:

- A. Fixed Costs: These include store rent, contract employee salaries, and retail information system maintenance costs. In 2025, these costs often include AI software licenses for inventory management.
- B. Variable Costs: Includes Cost of Goods Sold (COGS), packaging costs for digital orders, and shipping logistics costs.
- C. Analysis: If variable costs increase (for example, due to rising raw material prices), managers must decide whether to raise selling prices or implement internal efficiencies so that profit margins are not eroded.

Implementation of Cost-Volume-Profit (CVP) Analysis

CVP analysis is a key tool for retail managers in short-term profit planning. With this tool, managers can determine[13]:

- A. Break-Even Point: Knowing the minimum sales volume that must be achieved so that the company does not incur losses.
- B. Sales Target: Set realistic sales figures based on operational capacity and actual cost structure in 2025.
- C. Case Study 2025: If a manager wants to offer a large discount (lower the price), CVP analysis can show how much additional sales volume is needed to compensate for the price reduction in order to maintain total profit.

Customer Revenue Structure and Profitability

By 2025, revenue will no longer be viewed solely in terms of total revenue, but rather based on channel (physical store vs. digital) and customer profitability[14].

- A. Revenue Optimization: Using information system data to identify high-margin products that contribute most to revenue.
- B. Managerial Decision: Based on the analysis of revenue per category, managers can decide to discontinue slow-moving products in order to reduce storage costs.

Strategies for Dealing with Rising Operating Costs

High operating costs directly reduce net profit margins. Managerial strategies in 2025 include:

- A. Digitalization: Integrating e-commerce platforms to improve operational efficiency and reach a wider market.
- B. Data-Driven Decision Making: Using "relevant cost" analysis to select the best alternative, such as whether it is more profitable to use internal couriers or third parties for delivery.
- C. Restructuring: If fixed costs remain too burdensome, managers can make strategic decisions such as restructuring outlets or optimizing funds through corporate actions such as buybacks to increase company value[15].

Conclusion: Effective decision-making in the retail sector in 2025 will no longer be based solely on intuition, but rather on in-depth analysis of cost structures and responsiveness to the dynamics of the digital market. Disciplined cost management will create better value with lower costs[16].

4. Conclusion

Based on the results of the analysis and discussion of managerial decision-making in retail companies, several key conclusions can be drawn as follows: 1. Accurate Cost Classification is Key: Effective decision-making depends heavily on managers' ability to accurately classify fixed and variable costs. In 2025, the integration of digital technology costs into the fixed cost structure will require close monitoring to prevent the break-even point from rising to a level that could jeopardize the company's financial stability. 2. CVP Analysis as Strategic Navigation: The use of Cost-Volume-Profit (CVP) analysis has proven to be a crucial navigation tool for retail managers in dealing with fluctuations in purchasing power. By understanding the margin of safety, management can be more confident in making promotional or price adjustment decisions without getting caught up in a costly price war. 3. Data-Driven Revenue Optimization: Revenue structures in the modern era are no longer uniform. Successful retail companies in 2025 will be those that are able to analyze the margin contribution of each sales channel (physical and digital) and allocate resources to the products or services that provide the highest returns. 4. Managerial Adaptability: The final conclusion shows that cost and revenue structures are dynamic. Retail managers are required to continuously conduct periodic evaluations of operational efficiency. Digitalization is not just a trend, but a managerial necessity to reduce long-term variable costs and create a more sustainable revenue structure. Overall, the synergy between disciplined cost control and data-driven revenue growth strategies will determine the resilience of retail companies in facing future global market uncertainty.

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