DO SALES VOLUME AND COST OF GOOD SOLD INCREASE GROSS PROFIT MARGIN

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Abstract

This study, conducted in the context of Islamic Economics, examines PT's Gross Profit Margin (GPM). Unilever Indonesia Tbk. from 2013 to 2022, focusing on the effects of sales volume and Cost of Goods Sold (COGS). The research aims to identify how these factors influence GPM, a key metric in Islamic Economics. A quantitative descriptive method was used to analyze secondary data from financial statements. The population in this study includes all nominal sales data, cost of goods sold, and gross profit margin ratios of PT. Unilever Indonesia Tbk. Unilever Indonesia Tbk. Unilever Indonesia Tbk. Unilever Indonesia Tbk. Classical assumption tests, determination coefficient tests, F-tests, and t-tests were conducted. Results indicate that sales volume positively impacts GPM, while COGS negatively affects it. Effective sales volume and COGS management are crucial for optimizing gross profit margins, suggesting businesses should focus on these areas to enhance profitability. These findings have practical implications, as they imply that businesses should prioritize strategies that increase sales volume and efficiently manage COGS to enhance profitability. By understanding the critical relationship between these variables and GPM, companies can make informed decisions that contribute to their financial health and competitiveness in the market.

Keywords: *Cost of Goods Sold, Gross Profit Margin, Sales Volume*

1. Introduction

Companies with strong performance typically have a high gross profit margin (GPM) because they sell more than they spend on goods. The GPM determines production efficiency and ensures the selling price aligns with company targets. It represents the

percentage ratio between gross profit and sales, illustrating the link between sales and the cost of goods sold (COGS) on the income statement (Bambang, 2011). According to Darmawan (2020), the GPM is a ratio that demonstrates a company's ability to produce efficiently by measuring production costs or the efficiency of production cost management. An increase in the GPM indicates better business performance.

Sales represent the total revenue generated from traded commodities over a specific period and can be understood as sales volume (Downess, 2000). Sales volume refers to all goods provided to consumers, encompassing goods of any dollar amount and frequency. It signifies sales achievement in physical units or volume (Basu Swastha & Irawan, 2005). Basu Swastha and Irawan (2005) state that sales volume is reported as net sales in the company's income statement, derived from the total sales of all products over a specific period and the sales achieved from market share.

The COGS represents the cost of products sold during the current period, calculated by adding the cost of production to the beginning inventory of finished goods and subtracting the ending inventory of finished goods (Bustomi, 2013). Efficient management of COGS results in maximum profitability for the company. PT. Unilever Indonesia Tbk. is an excellent example of a company with a strong GPM. They are ranked 30th in the Jakarta Islamic Index (JII) for Sharia stocks, PT, and demonstrated strong financial performance and high transaction liquidity from December 2022 to May 2023. This multinational company engages in the production of beauty or cosmetic products and household needs in Indonesia. PT. Unilever Indonesia Tbk. Strives to meet consumer needs by providing comfort, good appearance, and enjoyment of their products, leading to consistently high sales due to public interest.

Below is an overview of the financial statements listing PT's sales, COGS, and gross profit Unilever Indonesia Tbk.

Table 1 Financial Statements of PT. Unilever Indonesia Tbk Period 2013-2022
In millions of rupiah

Year	Sales	Cost of Goods Sold	Gross Profit	GPM
2013	30.757.435	14.978.947	15.778.488	51,30
2014	34.511.534	17.412.413	17.099.121	49,55
2015	36.484.030	17.835.061	18.648.969	51,12
2016	40.053.732	19.594.636	20.459.096	51,08
2017	41.204.510	19.984.776	21.219.734	51,50
2018	41.802.073	20.709.800	21.092.273	50,46
2019	42.922.563	20.893.870	22.028.693	51,32
2020	42.972.474	20.515.484	22.456.990	52,26
2021	39.545.959	19.919.572	19.626.387	49,63
2022	41.218.881	22.153.944	19.064.937	46,25

Source: Financial Statements of PT. Unilever Indonesia Tbk. (*SPSS 21* output data)

Based on Table 1, the total sales of PT can be observed. Unilever Indonesia Tbk. It tends to increase, with only one decline from 2020 to 2021. However, the gross profit margin ratio remains consistent at 46-52. At first glance, PT. Unilever Indonesia Tbk. Appears to excel in controlling sales levels and the efficiency of its cost of goods sold. Based on this observation, the author is interested in analyzing the gross profit margin by examining the impact of sales volume and cost of goods sold on the gross profit margin. Table 1 shows that the total sales of PT. Unilever Indonesia Tbk. has generally increased, with only one decline from 2020 to 2021. Despite this, the gross profit margin ratio has remained consistent at 46-52. This suggests that PT. Unilever Indonesia Tbk. is very effective at controlling sales levels and managing the efficiency of its cost of goods sold. Based on this description, the author is interested in analyzing the gross profit margin by exploring the influence of sales volume and cost of goods sold on the gross profit margin.

Based on the literature review, several studies are relevant or have similar objects or variables to this research. These include the study by Zafhira & Lubis (2023). The results of this research show that the gross profit margin variable has a negative influence on stock prices, the return on equity variable has a positive influence on stock prices, and both variables have a significant influence on stock prices simultaneously. The second study, Hadi & Amzul (2023), shows that the Current Ratio significantly negatively influences the Gross Profit Margin.

Furthermore, research relevant to this study is quoted from a journal titled The Influence of Sales Volume and Cost of Goods Sold on the Level of Gross Profit at PT Gudang Garam. The findings reveal the simultaneous and partial influence of sales volume and cost of goods sold on gross profit (Dasiningtias, Sarinastiti, & Putri, 2022). Another study examines the effect of the cost of goods sold on gross profit through sales. The results indicate that gross profit development over six years from 2015 to 2020 experienced fluctuations. Sales development from 2015-2020 also experienced ups and downs, while the cost of goods sold increased yearly (Shofie, Daryono, & Samsul, 2021).

Next, a study examines the influence of production costs and cost of goods sold on gross profit at PT. Martina Berto from 2013-2020. The results show that the variable income on gross profit has a significant influence, as does the cost of goods sold. There is a simultaneous influence between income variables (X1) and the cost of goods sold (X2) on gross profit at PT. Martina Berto Tbk. (Fauziahannum, 2023). Lastly, the analysis of sales volume and cost of goods sold to evaluate the company's gross profit reveals the gross profit at PT. Suparma, Tbk experienced fluctuations. Gross profit in 2017 was lower than in 2016, while other income was smaller compared to 2016. Gross profit 2018 increased compared to the previous year, with a minor increase in 2019 compared to 2017-2018. The decrease in gross profit was due to a higher cost of goods sold (Siti, Tri, & Mashhad, 2021). Based on the description above, this study aims to investigate the Cost of Goods Sold, Gross Profit Margin, and Sales Volume at PT. Unilever Indonesia Tbk Period 2013-2022.

2. Literature Review

2.1. Sales Volume

Sales is one of companies' most important and decisive marketing functions in achieving their goals, namely obtaining profits to maintain their survival. According to Zulkarnain (2012), sales are the marketing goal, meaning that through its marketing department and sales force, the company will try to carry out sales activities to sell the products produced. Companies must target many product sales within a certain period to achieve maximum sales. Sales volume, or total sales, is a measure that shows the number or amount of goods or services sold (Private, 2005). Sales volume is the total sales obtained from commodities traded in a certain period (Downes, 2000). Market conditions and capabilities are among the factors that affect sales volume (Feng, 2017). According to Daryono (2011), sales volume is a measure that shows the number or magnitude of goods or services sold. Sales volume greatly affects the amount of profit that the company will obtain (An increase in profit will affect product sales volume, and vice versa; if the profit does not reach the optimal target, the sales volume will also decrease (Salam, 2021).

2.2. Cost of Goods Sold

According to Gill and Shatton (2008), the cost of sales is the manufacturing cost or purchase price attached to finished goods products sent from suppliers to customers. Soemarso (2004) defines the cost of goods sold as the purchase price (acquisition cost) of the goods sold. A trading company calculates the cost of goods sold by adding the merchandise inventory at the beginning to the net purchases during the period and subtracting the merchandise inventory at the end (Henry, 2016). The cost of goods sold is a critical component of the income statement and is a primary concern for company management in controlling operations. There are three basic prices related to the cost of goods: inventory, production, and the cost of goods sold (Soemarso, 2004).

2.3. Gross Profit Margin

Gross Profit Margin is a ratio that compares sales to the cost of goods sold. It evaluates a company's ability to control operating or inventory costs and its capacity to pass on price increases to consumers (Munawir, 2010). The Gross Profit Margin ratio can measure production efficiency, determine selling prices, and assess profits obtained after product sales (Delen et al., 2013). Changes in the selling price or cost of goods can significantly affect the company's profits (Haryadi et al., 2023). Under normal conditions, the Gross Profit Margin should be positive, indicating that the company can sell products above cost, thereby preventing losses (Azeria, 2017). The Gross Profit Margin also influences changes in the company's net profit. A higher ratio indicates an increase in net profit, showing that the gross profit generated can cover the various costs associated with selling (Ponsian et al., 2014).

3. Research Methods

This research employs a quantitative descriptive method using secondary data. It describes the independent variables, including sales volume and cost of goods sold, and explains how they influence the dependent variable, gross profit margin. The data is derived from audited annual financial statements from 2013 to 2022. According to Sugiyono (2010), the population is a generalization area consisting of subjects or objects with certain quantities and characteristics that researchers analyze. The population in this study includes all nominal sales data, cost of goods sold, and gross profit margin ratios of PT. Unilever Indonesia Tbk. Samples, as described by Sugiyono (2010), are part of the quantity and characteristics possessed by the population. The samples used in this study are the nominal sales data, cost of goods sold, and gross profit margin ratios of PT. Unilever Indonesia Tbk. for the period 2013-2022. The following is the operational definition of the variable used in this study:

Table 2 Variable Operations

No	Variable	Indicators	Measurement	Scale
1.	Sales Volume (x1)	Sales volume is the total sales obtained from commodities traded in a certain period.	Total Sales	Ratio
2.	Cost of Goods Sold (x2)	The cost of goods sold is all costs incurred to obtain goods sold or the acquisition price of goods sold.	Nominal Cost of Goods Sold = (Initial Inventory + Net Purchases)- Ending Inventory	Ratio
3.	Gross Profit Margin (Y)	Gross Profit Margin is to find out the percentage of profit from pure business activities of the company concerned after being charged costs.	GPM = Gross Profit x 100% Sales	Ratio

The analysis techniques include classical assumption tests and hypothesis tests. The classical assumption tests check for normality, multicollinearity, and heteroscedasticity. The hypothesis tests involve linear regression analysis, which includes evaluating the determination coefficient, the F-statistic, and the t-statistic.

4. Results and Discussion

This section will describe the results of research that have been processed through statistical calculations and discussions analyzed with theory and previous research.

4.1 Result

The classical assumption test is carried out using normality and multicollinearity tests, as follows. These are the results of the classical assumption test.

4.1.2 Classical Assumption Test

4.1.2.1 Normality Assumption Test

Before conducting tests with multiple linear regression, several assumptions must be met. One crucial assumption is the normality of the data. Ensuring that the regression model is normally distributed is essential for testing the significance of regression coefficients. If the regression model is not normally distributed, the conclusions drawn from the F-test and t-test results may be unreliable.

Normality Assumption Test

Table 3 Normality Assumption Test

		Unstandardized Residual
N		10
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.08084479
Most Extreme Differences	Absolute	.199
	Positive	.170
	Negative	-.199
Kolmogorov-Smirnov Z		.630
Asymp. Sig. (2-tailed)		.822

Source: *SPSS 21* output data

In Table 3, it can be seen that the probability value is 0.822. Since the probability value in the *Kolmogrov-Sminorv test* is still greater than the error rate of 5% (0.05), this regression model is normally distributed.

4.1.2.2 Multicollinearity Assumption Test

Multicollinearity means relationships between some or all of the independent variables in the regression model. If there is a multi-correlation, the regression coefficient becomes indeterminate, and the error rate becomes very large. A large determination coefficient value usually characterizes this, but the value of the partial test of the regression coefficient is not very small.

Table 4 Multicollinearity Assumption Test

Coefficients

Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	50.940	.300		169.759	.000		

Sales Volume	1.198E-006	.000	2.833	52.005	.000	.110	9.122
Cost of Goods Sold	-2.443E-006	.000	-3.017	-55.370	.000	.110	9.122
Dependent Variable: Gross Profit Margin								

Source: *SPSS 21* output data

If the Tolerance value exceeds 0.10, it indicates no significant correlation among the independent variables. Similarly, a Variance Inflation Factor (VIF) above 10 suggests the presence of multicollinearity. In Table 4, the VIF values are 9.122, and the tolerance values are 0.110, indicating that multicollinearity is absent.

4.1.2.3 Heteroscedasticity Assumption Test

The heteroscedasticity test assesses whether the regression model exhibits variance inequality in the residuals across different observations. A well-specified regression model should not exhibit heteroscedasticity.

Table 5 Heteroscedasticity Assumption Test
Correlations

			Sales Volume	Cost of Goods Sold	Unstandardized Residual
Spearman's rho	Sales Volume	Correlation Coefficient	1.000	.879**	-.236
		Sig. (2-tailed)	.	.001	.511
		N	10	10	10
	Cost of Goods Sold	Correlation Coefficient	.879**	1.000	-.018
		Sig. (2-tailed)	.001	.	.960
		N	10	10	10
	Unstandardized Residual	Correlation Coefficient	-.236	-.018	1.000
		Sig. (2-tailed)	.511	.960	.
		N	10	10	10
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: *SPSS 21* output data

Based on Table 5, the Spearman rank correlation between Sales Volume is 0.511, and for Cost of Goods Sold, it is 0.960. These values suggest no significant heteroscedasticity issue, as all Spearman rank correlations exceed 0.05.

4.1.2 Multiple Regression Test

Multiple regression is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and dependent variables.

Table 5 Multiple Regression Test

Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	50.940	.300		169.759	.000
	Sales Volume	1.198E-006	.000	2.833	52.005	.000
	Cost of Goods Sold	-2.443E-006	.000	-3.017	-55.370	.000

Based on the table above, the regression equation can be determined as follows:

$$Y = a + b1X1 + b2X2 + e$$
$$Y = 50.940 + 1.198\ X1 + (-2.443)\ X2 + e$$

Where:

Y is the Dependent variable (GPM)

a is the constant, indicating the value of Y when X = 0

X1 is the independent variable 1 (Sales Volume)

X2 is the independent variable 2 (Cost of Goods Sold)

The regression equation can be interpreted as follows:

1) The constant 50.9420 means that if X1 (Sales Volume) and X2 (COGS) are both zero, the predicted GPM will be 50.940.

2) The regression coefficient for X1 is positive at 1.198%, meaning that for every unit increase in Sales Volume, the GPM will increase by 1.198%.

3) The regression coefficient for X2 is negative at −2.443%, meaning that for every 1% increase in the Cost of Goods Sold, the GPM will decrease by −2.443%, assuming other variables remain constant.

The table above shows the direction of the beta coefficients and their significance. The significance level for the independent variables, Sales Volume and Cost of Goods Sold is 0.000 for both. A significance value less than 0.05 indicates a significant effect on the dependent variable, whereas a value greater than 0.05 indicates no significant effect. This means that Sales Volume and Cost of Goods Sold have a significant partial effect on the Gross Profit Margin.

4.1.3   Coefficient of Determination Test

Measure how far the model can explain the variation of dependent variables. An Adjusted R Square value close to 1 means the ability of the independent variables to provide almost all the information needed to predict the variation of the dependent variables.

Table 6 Determination Coefficient Table

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999a	.998	.997	.09167
a. Predictors: (Constant), Cost of Goods Sold, Sales Volume				
b. Dependent Variable: Gross Profit Margin (Y)				

Source: *SPSS 21* output data

Based on Table 6, the number R is obtained, with a coefficient of 0.999, indicating a strong relationship between sales volume and cost of goods sold to gross profit margin. The results of the determination coefficient analysis are shown in the R Square table of 0.998, which means that the contribution of independent variables to the dependent variables is 99.8%, and other variables influence 0.2%.

4.1.4 Partial Test (t-Test)

The t-test is used to determine whether the independent variables partially have a real effect on the dependent variables. The degree of significance used is 0.05.

Table 8 Test Tablet

Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	50.940	.300		169.759	.000
	Sales Volume	1.198E-006	.000	2.833	52.005	.000
	Cost of Goods Sold	-2.443E-006	.000	-3.017	-55.370	.000

a. Dependent Variable: Gross Profit Margin

Source: *SPSS 21* output data

Based on Table 8, the regression coefficients (beta values) and their significance provide insights into the direction and impact of independent variables. Sales Volume and Cost of Goods Sold significantly affect Gross Profit Margin, with significance levels 0.000 for both variables indicating their importance. For Sales Volume, the calculated t-value of 52.005 is significantly greater than the critical t-value of 2.36462, confirming a positive partial effect on Gross Profit Margin. Conversely, the calculated t-value of -55.370 for the Cost of Goods Sold is significantly less than -2.36462, indicating a negative partial effect on the Gross Profit Margin.

Specifically, the beta coefficient for Sales Volume is 2.833, signifying a positive impact on Gross Profit Margin. In contrast, the beta coefficient for the Cost of Goods Sold is -3.017,

which negatively impacts the Gross Profit Margin. These findings underscore the respective contributions of Sales Volume and Cost of Goods Sold to the overall Gross Profit Margin.

4.1.5 Simultaneous Test (F Test)

The statistical test F shows whether all the independent variables referred to in the study simultaneously influence the dependent variables. The degree of trust used was 0.05. If the value of F as a result of the calculation is greater than the value of F in the table, then the independent variable simultaneously affects the dependent variable.

Table 7 Test Table F

	Type	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.767	2	12.884	1533.176	.000b
	Residual	.059	7	.008		
	Total	25.826	9			
a. Dependent Variable: Gross Profit Margin						
Source: *SPSS 21* output data						

Based on the data processing results in Table 7, the calculated F-value is 1533.176 with a significance level of 0.000. Referring to the F-table with degrees of freedom 2 and 8 at a significance level of 0.05, the critical F-value is 4.46. Since the calculated F-value exceeds the critical F-value from the table, it can be concluded that the variables Sales Volume and Cost of Goods Sold jointly significantly affect Gross Profit Margin.

4.2 Discussion

4.2.1 Cost of Goods Sold on Sales Volume

Profit is a financial performance measurement that reflects increasing or decreasing the company's capital. Profit can be classified into four types: gross profit, operating profit, net profit before tax, and net profit after tax or net profit (Ervina et al., 2022: 176). This means that the gross profit at PT should be improved. Unilever Indonesia, the company must strive to find the lowest possible cost of goods sold (COGS). The company's gross profit will improve when the cost of goods sold decreases. Conversely, the company's gross profit will fall if the cost of goods sold increases.

Each year, the company does not always experience an increase in profits. The company could face a downturn in profit from the previous year. Various factors, both internal and external to the company, can influence this change in profit. A company needs to prepare a good profit plan to achieve the desired profit. In this profit planning, management must be able to predict future conditions and observe possible factors affecting company profits. Company profit fluctuations can be influenced by various factors, such as sales volume, cost of goods sold, and operational costs.

4.2.2 Sales Volume on Gross Profit Margin

The results of the partial t-test on the influence of Sales Volume on Gross Profit Margin (GPM) show a t-value of 52.005. This result is compared with the critical t-value of 2.36462 at a 5% significance level. Since 52.005 is greater than 2.36462 and the significance value is 0.000 (less than 0.05), we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_a). This indicates that Sales Volume significantly affects the Gross Profit Margin (GPM). The theory explains that Sales Volume is a key factor in achieving an optimal Gross Profit Margin (GPM), which supports the company's continuous growth. The company can enhance its Gross Profit Margin (GPM) by increasing Sales Volume. A higher Gross Profit Margin (GPM) results from selling more goods or services. Therefore, the Gross Profit Margin (GPM) typically increases as Sales Volume increases.

This finding aligns with the partial test results showing the influence of Sales Volume on Gross Profit Margin (GPM) at PT. Unilever Indonesia Tbk. The results of this study are consistent with the research by Wiji, Anungrah, and Nadiyah (2022) titled "The Influence of Sales Volume and Cost of Goods Sold on the Gross Profit Margin at PT. Gudang Garam, Tbk." Their research also found that Sales Volume has a significant partial effect on Gross Profit Margin (GPM).

4.2.3 Cost of Goods Sold (COGS) on Gross Profit Margin (GPM)

The results of the partial t-test on the influence of Cost of Goods Sold (COGS) on Gross Profit Margin (GPM) show a t-value of -55.370. This result is compared with the critical t-value of -2.44691 at a 5% significance level. Since -55.370 is less than -2.36462 and the significance value is 0.000 (less than 0.05), we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_2). This indicates that the Cost of Goods Sold (COGS) significantly affects the Gross Profit Margin (GPM).

The theory explains that a decrease in Gross Profit Margin (GPM) is caused by an increase in Cost of Goods Sold (COGS). This can occur due to external factors, such as rising raw material costs, increased wage levels, or accelerated depreciation of fixed assets that the company cannot control. This increase in COGS leads to higher production costs, resulting in a lower Gross Profit Margin (GPM). Calculating COGS is crucial because excessively high COGS results in higher selling prices, which may be unaffordable for consumers or at least reduce the Gross Profit Margin (GPM).

In this case, there is consistency between the theory and the partial test results on the influence of Cost of Goods Sold (COGS) on Gross Profit Margin (GPM) at PT. Unilever Indonesia Tbk. The results of this study are consistent with the research conducted by Adelia Putriawan (2023) titled "The Influence of Cost of Goods Sold and Sales Volume on Gross Profit at PT. Indofood Sukses Makmur, Tbk." Her research also found that the influence of the Cost of Goods Sold on Gross Profit Margin (GPM) has a significant partial effect.

4.2.4   Sales Volume and Cost of Goods Sold (COGS) on Gross Profit Margin (GPM)

The F-test (simultaneous) and the determination coefficient analysis results show that the R Square (R2) value is 0.998 or 99.8%. This indicates that the combined influence of Sales Volume and Cost of Goods Sold (COGS) on Gross Profit Margin (GPM) is 99.8%. The remaining 0.2% of the Gross Profit Margin (GPM) is influenced by other variables not examined in this study.

The results of the simultaneous significance test for the variables Sales Volume and Cost of Goods Sold (COGS) on Gross Profit Margin (GPM) show an F-value of 1533.176. This result is compared with the critical F-value of 4.46 at a 5% significance level, obtained from the F distribution table. Since 1533.176 is greater than 4.46 and the significance value is 0.000 (less than 0.05), we conclude that the variables Sales Volume and Cost of Goods Sold (COGS) have a significant simultaneous effect on Gross Profit Margin (GPM). In this case, there is a consistency between the theory and the simultaneous test results on the influence of Sales Volume and Cost of Goods Sold (COGS) on Gross Profit Margin (GPM) at PT. Unilever Indonesia Tbk.

5. Conclusions

Based on the analysis, several significant conclusions emerge regarding the relationship between Sales Volume, Cost of Goods Sold, and Gross Profit Margin at PT. Unilever Indonesia Tbk. from 2013 to 2022. Firstly, the exceptionally high correlation coefficient of 0.999 underscores an extremely strong relationship between Sales Volume, Cost of Goods Sold, and Gross Profit Margin. This indicates that changes in Sales Volume and Cost of Goods Sold closely correspond with changes in Gross Profit Margin. Moreover, the F-test results highlight a significant simultaneous effect of Sales Volume and Cost of Goods Sold on Gross Profit Margin. Furthermore, individual t-tests indicate that both Sales Volume and Cost of Goods Sold exert significant partial effects on Gross Profit Margin. Finally, while these findings provide valuable insights, the study is limited by its focus on a specific time frame and sample size consisting solely of PT. Unilever Indonesia Tbk.'s financial data.

Future research could expand upon these findings by incorporating larger and more diverse datasets and exploring additional variables that may affect Gross Profit Margin beyond Sales Volume and Cost of Goods Sold. In conclusion, this research underscores the critical roles of Sales Volume and Cost of Goods Sold in shaping Gross Profit Margin, offering theoretical insights and practical implications for financial analysis and decision-making within the context of PT. Unilever Indonesia Tbk. This study provides robust insights into the relationship between Sales Volume, Cost of Goods Sold, and Gross Profit Margin at PT. Unilever Indonesia Tbk. from 2013 to 2022, several limitations warrant consideration. One notable limitation is the constrained sample size, which solely relies on financial data from a single company over a specific decade. This limits the generalizability

of findings to broader industry contexts or different economic periods. Additionally, the study's focus on Sales Volume and Cost of Goods Sold as primary predictors of Gross Profit Margin excludes potential influences from external factors such as market dynamics, competitive pressures, or broader economic trends, which could impact profitability metrics. Future research endeavors could enhance this study by incorporating larger and more diverse datasets, encompassing multiple companies or industries, and exploring a wider array of variables to provide a comprehensive understanding of factors influencing Gross Profit Margin in dynamic business environments.

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