RESEARCH ARTICLE

Perceptional Components of Brand Equity and Its Influence on Brand Loyalty: A Case of Jamu amongst Gen-Z in Indonesia International Institute for Life Sciences

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ABSTRACT

Brand loyalty is crucial to company and marketing strategy as it contributes to competitive advantages for the businesses. Although the consumer-brand relationships are complicated to conjecture, it will be insightful on research into this phenomenon. In Indonesia, the Jamu industry presents a tremendous market opportunity, and intensified competition offers an opportunity for the study on brand equity. Research on measuring brand equity will contribute to marketers as they will get additional insights into developing practical relationship-building strategies intending to nurture Jamu brand equity. Based on an examination of related literature, a conceptual model was formed by the researcher to examine the relationship of perceptional components of brand equity on brand loyalty. Mix-method has been utilized in this study. The measures for perceptional components of brand equity for Jamu has been investigated through in-depth interviews with students of i3L (Indonesian International Institute for Life Sciences), Whereas, measures for brand loyalty is derived from the literature review. The hypothesis of the relationship between the perceptional components of brand equity and brand loyalty is partially supported.

Keywords: *Perceptional components of brand equity, Brand loyalty, Generation-Z, Indonesia International Institute for Life Sciences*

INTRODUCTION

Jamu is used by common mass in Indonesia, defined as herbal medicine or traditional herbal recipes used as health supplements. Jamu is primarily made from natural material like roots, flowers, and seeds, however, animal products like honey and milk are also often used. These are the alternative medicines used and perfected through generations. The majority of the world population uses herbal medicines for healthcare, where it is looked upon more as natural extracts with no side effects, culturally bearable and less hazardous. Interestingly,

alongside the existence of modern medicine in developed countries, herbal medicine still maintains its popularity for historical and cultural reasons.

The growth of the herbal medicine market in Indonesia has shown a meaningful increase. The market value of herbal medicine in Indonesia amounted to 19 trillion rupiahs (about USD

1.3 Billion). Jamu, as traditional herbal medicine, has attracted considerable attention and, several studies have been conducted to examine the development of the brand and its market positioning and growth. However, it is crucial to understand the components of brand equity, through which it can get real insight by evaluating and measuring brand equity. There is limited organized research on Jamu brand equity, therefore, its measurement under the analytical framework is of utmost importance under consideration that the entire industry needs to understand its position in the market.

Brand image, brand fondness, brand association, perceived quality of a brand and brand awareness have a huge influence on product perception among the customers (Foroudi, et al.

2018). Instead of focusing on a single factor by combining these aspects as an element of customer perception and brand equity, there is a realization of a substantial impact on brand loyalty. When brand perception is more favorable, customer associates the higher property to the product, due to which their perception of the product or brand and overall willingness to purchase gets higher. Although, different buyers may have an entirely different perception due to different expectations and attitudes towards a particular brand.

In markets, it is important to understand how different factors of perceptional components of brand equity influences consumers in becoming loyal. When developing market strategies, measurement of consumer perception becomes an important aspect. This is because all marketing domain revolves around customers' dynamics. Although customer perception is an intangible aspect of marketing, it is an influential part of the decision-making process among buyers. Studies show that high brand equity of a product is important in realizing long-term positive contributions to revenue flow and future profits.

Generation Z, which is people born after 1995 (still disputed) (Chicca, et al. 2018), is now coming of age, and they have wielded a growing power and influence over purchases. However, marketing to them is not an easy business, as this generation is unlike the generation before them, "they are true digital natives: from earliest youth, they have been exposed to the internet" (McKinsey & Company, 2018). According to Ali, & Purwandi (2016), Gen-Z was the first generation and has become a global citizen. Numbering over 45 million (2016) Gen-Z in Indonesia, this generation will be the decision-makers of future preferences, and they may have the ability to change the trends of the marketplace. Considering the context of this research, the inclusion of Gen-Z is of paramount importance and relevant to understand how they perceive Jamu in current contexts.

Recently, Foroudi et al. (2018) finding illustrates that brand image, brand fondness, brand association, perceived quality of a brand and brand awareness have a huge influence on product perception among the customers. Foroudi et al. (2018) further state that it is the combination of various perceptional elements

of brand equity rather than any single factor that has strong impacts on brand loyalty. This research fills a gap in the literature for the relationships amongst the dimensions of perceptional components of brand equity and brand loyalty for Gen-Z in the context of Jamu in the setting of an academic institution, Indonesia International Institute for Life Sciences.

Research problem, to find out the relationship between perceptional components of brand equity and brand loyalty for Jamu amongst Gen-Z in Jakarta, Indonesia.

MATERIAL AND METHODS

MATERIAL

From perceptional component of brand equity to brand loyalty

In the marketing domain, behavioral and perceptional elements of brand equity are important factors of branding (Ailawadi, et al. 2001; Cobb Walgren, et al. 1995; Keller & Lehmann, 2006). The perception of a brand is an important factor in the potential and current consumers in terms of the brand personality, symbols and name (Cornwell et al. 2011). How the management portrays the brand is a critical factor in marketing strategy as it positions the brand in a unique way which fits the consumers' behavior set in their minds which would result in growth in the stakeholders' interest, profitability, margins, and sales (Jung & Sung, 2008; Yoo & Donthu, 2001).

Consumers prefer the products if it corresponds to their image, and they express their behavior or personality through the correspondence of the product with their self-image (Foroudi, et al. 2017). According to studies by Chen and Myagmarsuren (2010); Hyun and Kim (2011); Im et al., (2012) and Kladou and Kehagias (2014), brand awareness

and brand image are major influencers of brand loyalty through perceived quality. Otero and Wilson (2018), found that brand equity and consumer's favorable perception about a brand increases the chances of repeating the purchase among young consumers.

Shahid, et al. (2017) and Ekhveh and Darvishi (2015), identified that consumers' awareness of a brand and knowing a brand well has the highest impact on the consumer in making a decision about buying a product.

H1: Perceptional component of brand equity positively influences brand loyalty

Figure 1: Conceptual Model (Authors illustration)

METHODS

The study utilized a mixed methodology based on the requirements for the research. This research employs qualitative research as an approach because the existing literature regarding the perceptional component of brand equity for Gen-Z in the context of Jamu has not been established, whereas the measurements for brand loyalty has already been established in previous studies and has been utilized in this paper from the literature review.

The study is based on qualitative and quantitative techniques while using convenience sampling and random sampling respectively from a target population of respondents. The method involves the use of NVIVO for the development of variables and measures, while SPSS is used for the analysis of data from the quantitative design. A target population is selected from the numerous age

sets and groups of students within the institution; specifically, targeting the Gen-Z population that is between 16 and 23 years of age. There are two sections to the data collection process; thus, the interview and the questionnaire. Each section of data collection has a different number of respondents; however, the target population group is the same; thus Gen-Z (16-23 years). The use of similar ages between the two data collection methods ensures the validity of the results; thus, achieving the authenticity and reliability of the study. In order to acquire quantitative data, the study uses the Likert five-point scale on its questionnaire. 1 represents "strongly disagree", while 5 represents "strongly agree". Joshi, et al. (2015) assert that the Likert scale. The scale provides respondents with an option to rate their levels of brand perception, and brand loyalty, which is essential for this study. The study involves the development and testing of a questionnaire that would be administered to the respondents through the online platform; thus, Survey Monkey. Various measures are identified for the research study on perceptional components of brand equity for Jamu. The identified measures inform both the quantitative and qualitative data collection strategies since they provide a basis for testing the hypothesis. Thereby, the study uses brand association/ tradition, brand knowledge, and perception of quality as measured from the interview section of the data collection. On the other hand, brand loyalty, form the basis for the validated measure from a literature review. The measures are developed into testable variables for data analysis.

In order to assure authenticity, reliability, of the research, there is a need for conducting a test run. In this case, questions for interviews and questionnaires for the survey were tested before, using three and five respondents respectively from the Indonesia Institute for Life Sciences under the same guidelines as those of the study.

RESULT AND DISCUSSION

The qualitative data analysis

The purpose of the qualitative study was to establish measures in order to build assessments about what is truly significant and meaningful regarding perceptional components of brand equity for Gen-Z in the research context of Jamu. NVIVO software is utilized in the development of measures for perceptional components of brand equity for Jamu.

Figure 2. Word Cloud

Source: Analysis of interview data through NVIVO

The qualitative data analysis

1. Reliability of data
2. Factor analysis
3. Regression analysis

Table 1: Analysis of the Reliability of Data

Measurement	Cronbach's Alpha
Tradition/Brand Association	.747
Brand Knowledge	.722
Perceived quality	.660
Brand Loyalty	.800

Source: Data Analysis

The value of Cronbach's Alpha would represent the reliability of data collected from the research study; a case of over .65 would represent consistency while that below .50 the value indicates inconsistency and would not be useful for the study. In this study alpha value is higher than .65 indicating the reliability of the data.

Exploratory Analysis of Factors

An exploratory analysis in this study uses the rotational matrix to test the correlation patterns between the data measures and variables.

Table 2. Factor Analysis of brand association/ tradition

Measurement	Factor
Jamu is a traditional herbal drink	.632
Jamu is a daily beverage for Indonesians	.665
Jamu is very traditional to Indonesians	.766
Jamu is part of Indonesian culture	.827
Jamu is deep-rooted in Indonesian society	.727

Source: Data Analysis
KMO Measure of Sampling Adequacy = 0.718; Barlett's (sig.) = 0.000; Eigenvalues (%) = 52.822

The results of .632, .665, .766, .827, and .727 indicate a high correlation between the measures and an underlying relationship between the variables strongly symbolizes as tradition or in other words as brand association. Further, the correlation is supported by the high value of KMO at 0.718, Barlett's (sig.) of 0.00, and Eigenvalues (%) of 52.822.

Table 3. Factor Analysis of brand knowledge

Measurements	Factors	
	1	2
When I think of healthcare, Jamu is one that comes to mind	.761	.069
Jamu is herbal medicine I am very familiar with	.813	.022
I prefer Jamu compared to other conventional medicines	.720	.391
It is likely that Jamu is very reliable	.556	.185
Jamu doesn't have any side effects	.127	.789
Jamu is safe to use	.112	.756
I think of Jamu as a healthy beverage because it has been told for years	.151	.664

Source: Data Analysis
KMO Measure of Sampling Adequacy = 0.751; Barlett's (sig.) = 0.000; Eigenvalues (%) = 56.398.
All the items highlighted are deemed to load on that factor

In this analysis, rotational factor analysis is used to test multiple aspects. Since the questions on brand knowledge presents two possible factors the rotation matrix analysis provides the best technique for its assessment. The first factor estimates for the most significant amount of variance and the underlying impression of variables loaded on the first factor represents brand awareness. In contrast, the variables holding high loading (high loading is defined as greater than .40) on the second-factor display aspects of perceived safety. The KMO of 0.751, Barlett's (sig) of 0.000, and Eigenvalues (%) of 56.398) show the reliability and correlation of the measures to the factors.

Table 4. Factor Analysis of perceived quality

Measurements	Factors	
	1	2
Jamu is all natural	.547	215
Jamu has bitter and pungent taste (R)	.098	.772
Jamu has a warm and nice taste	.408	.624
Most authentic quality of Jamu is sold by women selling on the streets	.040	.762
Traditional Jamu is cheap	.739	.214
The quality of Jamu seems logical with their price	.852	-.707

Source: Data Analysis
KMO Measure of Sampling Adequacy = 0.667; Barlett's (sig.) = 0.000; Eigenvalues (%) = 56.861
All items highlighted are deemed to load on that factor

On perceived quality, the factor analysis yielded two components. The first factor in which variables load most profoundly, the

underlying impression represents perceived value. In contrast, the variables that load on the second factor analyzed as authenticity/ taste. With KMO of .667 and a Barlett's (sig) of 0.000, the data authenticity is confirmed

Table 5. Factor Analysis of brand loyalty

Measurement	Factor
Compared to other conventional medicines that have similar features, I am willing to pay a premium (higher) price for Jamu	.617
I will not buy other healthcare products if Jamu is available at the store	.558
I enjoy purchasing Jamu products	.820
I consider myself to be loyal to Jamu	.755
Jamu would be my first choice of healthcare medicines	.722
I will strongly recommend others to purchase Jamu	.781

Source: Data Analysis
KMO Measure of Sampling Adequacy = 0.789; Barlett's (sig.) = 0.000; Eigenvalues (%) = 51.084

The Regression Analysis

Regression analysis involves the evaluation of the relationship between two or more variables by examining their influences on each other. There are two types of variables; thus, dependent and independent variables. Thereby, the study identifies dependent and independent variables for the regression analysis. The aim of the regression analysis is to test the hypothesis using multiple and single techniques. Perceptional components of brand equity is identified as the independent variables, while brand loyalty, as the dependent variable.

Table 6. Regression Analysis

Hypothesis	Adj. R^2	Sig.	Status
H1: Perceptional component of brand equity positively influences brand loyalty.	0.349	.000	Accepted

Source: Data Analysis

Table 7. Regression Analysis

Hypothesis	Independent variables	Sig.	Beta	Status
H1: Perceptional component of brand equity positively influences brand loyalty.	Awareness	.000	.480	Accepted
	Safety	.008	.222	Accepted
	BA/Tradition	.777	.024	Rejected
	Value	.707	.148	Rejected
	Authenticity/Taste	.255	.091	Rejected

Source : Data Analysis

Source: Data Analysis

H1: Perceptional components of brand equity positively influence brand loyalty

Hypothesis H1, which anticipated that perceptional components of brand equity positively influence brand loyalty, was accepted due to the verification result that presented Adjusted R Square shows a 34.9% covariance. The coefficient has a large magnitude and is statistically significant. One standard-deviation increase of perceptional component of brand equity is associated with a 34.9% ("values around 0.670 are strong, 0.333 moderate and 0.190 weak" (Budisantoso, et al. 2016)) effect of brand loyalty which shows a considerably strong impact. The results point out that brand loyalty is affected by perceptional components of brand equity for Jamu.

The results of the regression analysis confirmed that, among the factors of perceptional components of brand equity for Jamu brand association/ tradition, awareness, perceived safety, perceived value, authenticity/taste, the factors of awareness (beta = 0.480, *p* = 0.000) and perceived safety (beta = 0.222, *p* = 0.008) have a positive influential impact on brand loyalty. In contrast, there was no positive influential relation between the factors of tradition (beta = 0.024, *p* = 0.777), value (beta = 0.148, *p* = 0.707) and authenticity/taste (beta = 0.091, *p* = 0.255) because for these factors p is higher than the significance level (0.05). Thus, hypotheses were partially accepted.

H1: Perceptional Components of Brand Equity Positively Influence Brand Loyalty

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CONCLUSION

The current study identified that consumer's awareness about a particular brand influences them to be loyal to the brand. Consumer's perception about the quality of the brand in terms of its perceived safety also has a significant impact on their brand loyalty. However, other factors like association with the brand and perception that the brand transmits value and is taste fail to have any impact on their brand loyalty.

Managerial Implications

This paper provides practical implications for marketers in the Jamu industry, concerning how to increase customer loyalty. Recommends

managers to recognize the use of brand perception for remodeling consumer's decision making behavior and presents marketers with a better knowledge of perception in Indonesia for the Jamu Industry among Gen-Z. The benefits that managers can bring using this study could lead to an actual, accurate and measurable return on investment. Encourages managers to explore possibilities and encourage long-term development of a company's expansion into future market opportunities for broader market outreach including Gen-Z. Managers can utilize this study as a guide to revise their terms with stakeholders like vendors, distributors depending on how customers perceive the product and how loyal they are to the product or brand which will provide companies an insight regarding their bargaining power. The results of this study allow managers to recognize the advantages of customer perception, and behavior, hence they will recognize the level of Jamu's brand equity and use it to obtain a more significant margin and which will help them to reduce marketing costs.

Further Research Directions

The current study only considered Gen-Z from the Indonesia International Institute for Life Sciences, Indonesia. This gives rise to the expansion of study to other geographical locations with different dynamics.

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