

CHAPTER I

INTRODUCTION

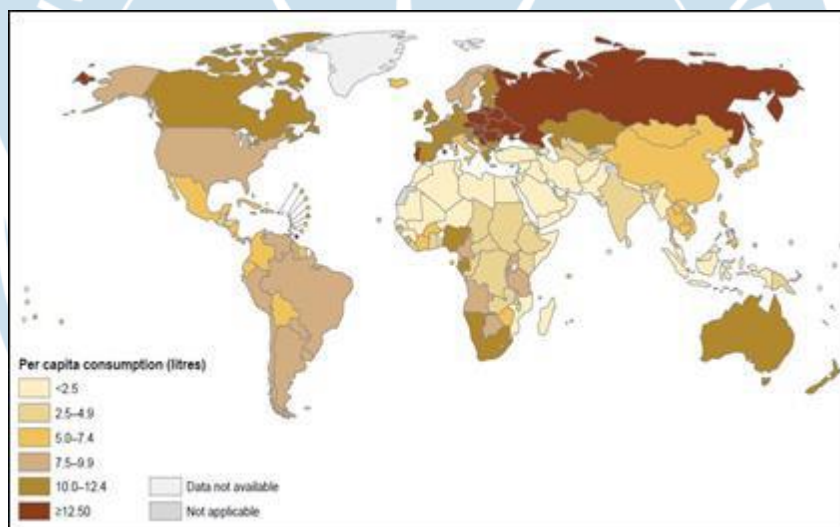
1.1. Research Background

The development of alcoholic beverages in Indonesia is increasing rapidly. Alcohol itself has become an integral part of the long journey of human civilization. From ancient Egyptian civilization, European aristocracy, to modern civilization today alcohol still takes a role as one of the substances that many people consume. In a variety of forms of alcohol use also touches almost all classes of society, wine for example is considered a noble drink and beer as a common drink, even in many places alcohol is also known as a traditional drink. Although alcohol was known thousands of years ago, it was only after a long history, that doctors in England discovered the adverse effects of alcohol on health. This discovery eventually gave birth to a regulation on the use of alcoholic beverages referred to as the Gin Act of 1751 (Personal, 2017).

Alcohol itself is an addictive psychopathic substance. Psychoactive because alcohol works selectively especially in the brain, which can lead to changes in a person's behavior, emotions, cognitive, perception, and consciousness. The addictive nature of alcohol is the nature of a person's addiction or dependence on this substance. An alcoholic has a fluctuating response range from mild to severe conditions. Psychoactive ingredients contained in alcohol are ethyl alcohol obtained from the fermentation process of honey, sugar juice or tubers. Alcoholic beverages

have different levels, such as beer and soda alcohol (1%-10% alcohol), martini and wine (10%-20% alcohol), and imported liquor commonly referred to as whiskey and brandy (20%-50% alcohol). Alcohol itself is distinguished into 3 groups, group A with a level of 0.1%-05%,

Nowadays alcohol is consumed by almost every country around the world. The level of alcohol consumption in each country varies depending on sociocultural conditions, economic strength, religious patterns, and the form of alcohol policy and regulation in each country.



Source : www.privatejournal.com/25/05/21

Picture 1.1

Total Alcohol per Capita Consumption, GHO-WHO 2017

Alcoholic beverages have become a part of the culture and life of Indonesian society. This can be seen from the existence of some local alcoholic beverages, both for recreational and ritual purposes, such as Tuak Batak, Balinese arak, Sopedari Maluku, Mokedari NTT, and so forth. Of course this phenomenon should not be

denied, not to mention given that the way to make and use local alcoholic beverages has been passed down from generation to generation (LBHM, 2019).

In 2015 the Ministry of Trade of the Republic of Indonesia issued Regulation of the Minister of Trade No. 06/M-DAG/PER/1/2015 which a changed a number of articles in Regulation of the Minister of Trade No. 20/M-Dag/PER/4/2014. One of the changes in the Regulation of the Minister of Trade stipulates that alcoholic beverages can no longer be sold in mini markets. In 2021 the government officially loosened investment permits in the alcoholic beverage (minol) sector. This is stated in the new Presidential Regulation (Perpres) Number 10 of 2021 concerning The Field of Investment Business.

Alcoholic beverages that can be sold in Indonesia, one of which is Anggur Merah. Anggur Merah, otherwise known as Amer, is one of the popular alcoholic beverages in Indonesia whose basic ingredients are choleom grapes. Honestly this drink is made as a herbal medicine with healthy properties, but it is developing into popular for recreational purposes. This drink is usually used as a complement when gathering with friends and old relatives while talking about their experiences in the middle of the night. The taste tends to be sweet and slightly tastes like syrup (Floq, 2020).

One of the brands of alcoholic beverages is Anggur Merah Orang Tua . Orang Tua is one of the consumer products business firm in Indonesia. Orang Tua is a consumer goods company which produces a wide range of products of daily necessities. A variety of products ranging from food, beverages, to personal care

products have long been a part of Indonesian consumers' lives. Some of them are Formula, Tango, Teh Gelas, MintZ, Blaster, Oops, and Kiranti. Orang Tua products have also been present in the international market and can be enjoyed by foreign consumers. One of its products is Anggur Merah.



Source: <https://ekonomi.bisnis.com/27/05/2021>

Picture 1.2

Orang Tua Headquarters Company

The advanced of increasing sophisticated technology has promised a new business opportunity and challenge for the company, especially for the development of the food and beverage industry. Many emerging threats of new businesses in the field of food and beverage cause companies to have to develop and seize market share. One of the assets used to develop market share is the brand. Brands have great power in offline people to buy products or services. Given the current competitive reality, the company should pay more attention to brand equity as an asset for the viability of its brand (Erviana, 2015).

According to Lamb et al (2012), the success of a business or two consumer products depends on the ability of the target market in distinguishing one product from another. Brands are the main tools that marketers use to differentiate their products from competitors' products. According to Soemanagara (2012:98), successful brands are brands that have an important history of mastery of information, especially about the advantages of branded products with a positive experience felt by customers on the product. As the customer experience grows using a product, the customer will try to associate the brand used with himself. According to Fisk (2018:147) strong brands connect companies with consumers, both emotionally and practically. A strong brand is a brand that has high brand equity.

Consumers before deciding to buy an item or use a service, first consider several aspects ranging from the price angle to the quality of the product or service to be selected. Brands are considered a very important aspect of purchasing decision making. Brands help consumers differentiate and identify a product from another. The strength of a brand can be seen from its ability to survive even in difficult times. Brands can add value to the value offered by products to their customers who are declared as brands that have brand equity (Aaker, 2017).

The brand is seen as a liaison between the company and its customers, then a trust can be built with the presence of the brand (Pamungkas, 2015). The importance of the brand is also felt by businesses who are involved in the business of alcoholic beverages. Anggur Merah Orang Tua brand widely known throughout Indonesia.



Source: <https://twitter.com/anggurmerahstatus/27/05/2021>

Picture 1.3

Anggur Merah Orang Tua Brand Commercial Photo

Anggur Merah Orang Tua has a good brand image in the eyes of the public. Anggur Merah Orang Tua until now has dominated alcoholic beverages in Indonesia, but Anggur Merah Orang Tua must compete with other beverage products that are also known to the public, such as Columbus, Kawa kawa, Java,

and others. Brand equity of Anggur Merah Orang Tua needs to be managed to continue to compete with its competitors because it is an intangible asset owned and not easily emulated by competitors.

Based on the description above, the authors through this study want to understand more deeply about : “THE EFFECT OF PERCEIVED QUALITY,

BRAND AWARENESS, AND BRAND LOYALTY TOWARDS BRAND EQUITY OF ANGGUR MERAH ORANG TUA IN YOGYAKARTA”.

1.2. Research Question

1. Do perceived quality have a significant Influence on brand loyalty Anggur Merah Orang Tua?
2. Do brand awareness have a significant Influence on brand loyalty Anggur Merah Orang Tua?
3. Do perceived quality have a significant Influence on brand equity of Anggur Merah Orang Tua?
4. Do brand awareness have a significant Influence on brand equity of Anggur Merah Orang Tua?
5. Do brand loyalty have a significant Influence on brand equity of Anggur Merah Orang Tua?
6. Do perceived quality has an influence on brand equity of Anggur Merah Orang Tua with brand loyalty as mediation variable?
7. Do brand awareness has an influence on brand equity of Anggur Merah Orang Tua with brand loyalty as mediation variable?

1.3. Research Objectives

Based on the formulation of problems and limitations of the problems stated above, the objectives of the research to be achieved are:

1. To Investigate the influence of perceived quality on brand loyalty of Anggur Merah Orang Tua.

2. To Investigate the influence of brand awareness on brand loyalty of Anggur Merah Orang Tua.
3. To Investigate the influence of perceived quality on brand equity of Anggur Merah Orang Tua.
4. To Investigate the influence of brand awareness on brand equity of Anggur Merah Orang Tua.
5. To Investigate the influence of brand loyalty on brand equity of Anggur Merah Orang Tua.
6. To investigate the influence of perceived quality on brand equity of Anggur Merah Orang Tua with brand loyalty as mediation variable.
7. To investigate the influence of brand awareness on brand equity of Anggur Merah Orang Tua with brand loyalty as mediation variable.

1.4. Research Scope

The limitation of this research supposed to avoid the misunderstanding and deviation in this research progress:

1. The subject of this research is Anggur Merah Orang Tua
2. The variable of this research is divided into two variables plus one mediation variable, which is categorized as independent, dependent plus mediation variable. Dependent variable was Brand Equity of Anggur Merah Orang Tua, and Independent variable was consist of Perceived quality, Brand awareness. And Brand Loyalty as Mediation Variable

3. The subject of this research is the respondent who has ever consumed Anggur Merah Orang Tua at least twice.

1.5. Research Contribution

The expected benefits of this study are:

1. Academic Benefits

Apply marketing management theory, especially perceived quality, brand awareness, brand loyalty and brand equity. The results of this study are also expected to add references, insights and knowledge for readers, especially students who want to conduct more in-depth research on The Effect Of Perceived Quality, Brand Awareness, And Brand Loyalty Towards Brand Equity.

2. Practical Benefits

The results of this study are expected to be used as an additional material of information to the management of Orang Tua company in improving customers satisfaction and loyalty

1.6. Writing Structure

The research is going to be written with the systematic order as follows:

Chapter 1 Introduction

Consist of background of the research, the research problem, the research objectives, the research contribution and the research structure.

Chapter 2 Literature Review

Consist of the basic theory, the related previous research and study, definition and explanation of terms, the research framework and the hypothesis development.

Chapter 3 Research Methodology

Consist of the method explanation, the research sampling, the data sources, the variable, the data collection and the analysis method.

Chapter 4 Data Analysis & Discussion

Consist of the explanation of data analysis and the discussion of the research result.

Chapter 5 Conclusion and Suggestion

Consist of the conclusion, the limitation and the suggestion.

