

The Role of Brand Credibility and Consumer Engagement in Brand Expansion at PT Mayora

Brand Credibility and
Brand Expansion

Noviana Noviana

Universitas Sunan Giri Surabaya; Surabaya, Indonesia

E-Mail: novianaevay@gmail.com

1263

ABSTRACT

This study investigates the effectiveness of brand credibility and consumer involvement in brand extension strategies at PT Mayora. Conducted through qualitative methods involving direct observation and interviews with PT Mayora consumers in Surabaya, the research reveals that the company has successfully implemented these strategies. The credibility of the brand significantly boosts consumer confidence in new product launches, fostering greater interest and involvement among consumers. These findings suggest that PT Mayora's approach contributes to increased sales and successful promotion of new products derived from brand extensions. The study emphasizes the importance of maintaining these successful strategies and encourages PT Mayora to continue building on its achievements. By consistently implementing effective brand extension strategies, PT Mayora can sustain its success, secure consumer trust, and remain competitive in the market. The research concludes that a combination of brand credibility and consumer involvement is a potent strategy for PT Mayora in navigating the market landscape, ensuring the company's continued growth and success in brand expansion.

Submitted:
1 OCTOBER 2023

Accepted:
21 NOVEMBER 2023

Keywords: Brand credibility, Consumer engagement, Brand extension

ABSTRAK

Penelitian ini menyelidiki efektivitas kredibilitas merek dan keterlibatan konsumen dalam strategi perluasan merek di PT Mayora. Dilakukan melalui metode kualitatif dengan observasi langsung dan wawancara terhadap konsumen PT Mayora di Surabaya, penelitian mengungkapkan bahwa perusahaan telah berhasil menerapkan strategi tersebut. Kredibilitas merek secara signifikan meningkatkan kepercayaan konsumen terhadap peluncuran produk baru, menumbuhkan minat dan keterlibatan yang lebih besar di kalangan konsumen. Temuan ini menunjukkan bahwa pendekatan PT Mayora berkontribusi terhadap peningkatan penjualan dan keberhasilan promosi produk baru yang berasal dari perluasan merek. Studi ini menekankan pentingnya mempertahankan strategi sukses tersebut dan mendorong PT Mayora untuk terus meningkatkan pencapaiannya. Dengan menerapkan strategi perluasan merek yang efektif secara konsisten, PT Mayora dapat mempertahankan kesuksesannya, menjamin kepercayaan konsumen, dan tetap kompetitif di pasar. Penelitian tersebut menyimpulkan bahwa kombinasi kredibilitas merek dan keterlibatan konsumen merupakan strategi ampuh bagi PT Mayora dalam menavigasi lanskap pasar, memastikan pertumbuhan berkelanjutan perusahaan dan keberhasilan dalam ekspansi merek.

Kata kunci: Kredibilitas merek, Keterlibatan konsumen, Perluasan merek

INTRODUCTION

In the current era of globalization, technological developments and the pace of information can drive competition in the industrial world. This can be used as a driving force for companies to be able to develop more and always be able to improve deficiencies in order to survive. In the industrialized world, brand names have become very popular in everyday life. Brands are now associated with products and various strategies that

JIMKES

Jurnal Ilmiah Manajemen
Kesatuan
Vol. 11 No. 3, 2023
pp. 1263-1270
STIE Kesatuan
ISSN 2337 – 7860

companies can implement (Knapp, 2001). First, a good strategy is to create a brand that is not easily forgotten by consumers. In other words, everything related to the brand must be embedded in consumers' memories (Aaker, 1997). Second, one of the company's goals is a good strategy to generate new customers and retain old customers and increase sales. This can be achieved with various strategies, such as maintaining and improving product quality and launching new products, which serve to meet the needs and desires of consumers who are very dynamic and can attract consumers' desire to try new products.

Competition forces companies to use strategies that create a competitive advantage for the company. Building brands with established associations is one way to achieve this goal. Companies invest heavily in brand development. It is a very expensive process, but it has many benefits if done successfully. As an asset of the company, the company tries to get consumers who are included in the target market and must have a competitive advantage to stay in the minds of consumers.

PT Mayora Indah Tbk (the company) was established in 1977, and the first factory is located in Tangerang, where the target market is Jakarta and surrounding areas. As a fast-growing consumer goods company, PT Mayora has proven itself a high-quality food producer and has received many awards, including "Indonesia's Top 10 Leading Company" by Asia Money and "Indonesia's Top 100 Exporters" by Swa Magazine. "100 Best Listed Companies" by Investor Indonesia Magazine, "Best Halal Product Manufacturer" by Indonesian Ulema Council, "Best Listed Company" by Berita Satu, "Indonesian Corporate Secretariat Award, Top 5 Good Corporate Governance Consumer Goods Sector, Warta Ekonomi". PT Mayora categorizes its products into two (2) categories: processed food and beverages. This category consists of 6 (six) departments that each produce different products such as cookies, sweets, wafers, chocolate, coffee, and healthy food.

Brand extension has been widely used by companies in the market (Cuthbert et al., 2000). PT Mayora is one of the companies that has implemented a brand extension strategy. PT Mayora managed to achieve success by utilizing this brand expansion strategy. The implementation of this brand expansion strategy has also succeeded in making them control their market share. One of the brand extensions carried out by PT Mayora is the Kopiko brand. Kopiko succeeded in the coffee candy variant; this can be seen from Kopiko's worldwide success as a pioneer of coffee candy and becoming one of Mayora's *Global Brands*. With the success of the coffee candy variant, PT Mayora came up with a new variant, Kopiko White Coffee instant coffee.

Brand extension is a popular brand strategy that attaches an existing brand name to a new product introduced in a different product category and can produce reciprocal effects that increase or decrease the parent brand's equity (Swaminathan et al., 2001). Brand extension usually occurs when companies use established brand names to introduce new products because brand extension strategies reduce advertising costs, entry barriers, and risks and increase brand equity. (Van Riel et al., 2001). Consumers directly influence brand extension. If customers are loyal to the parent brand, then the likelihood of adopting the extended brand will be higher by lowering the risk of new product failure (Thiele & Mackay, 2001).

Brand credibility is important in influencing consumer purchase intention (Lafferty, 2007). Credibility and perceived brand value are often considered two important things marketers need to do to build a strong brand (Khan & Razzaque, 2015). Brand credibility, defined as the perceived trust in a brand's ability and willingness to continue delivering what it promises (Erdem & Swait, 2004), provides unbeatable benefits to both consumers and companies. Simply put, buying a credible brand guarantees quality that consumers can rely on. For the company, a credible brand means that marketing efforts will be more cost-effective due to the increased likelihood of message reception, allowing the company to increase sales through customer repetition and referrals.

The current view of consumer behavior states that involvement is a causal or driving variable that affects consumer purchasing and communication behavior. Involvement is considered an individual difference variable, and the comprehensiveness of the purchase

decision process and communication process will vary greatly depending on the level of consumer involvement (Laurent & Kapferer, 1985). From this, a common observation is that people who have strong involvement experiences are more daring and willing to try new brands (Steenkamp & Baumgartner, 1992). In addition, the level of involvement allows consumers to get news about additional brands in the category faster than less involved consumers. Therefore, engaged consumers will be more likely to purchase extension brands. Consumers can rely on well-known brands to reduce this perceived risk, which means that under certain conditions, high product involvement may positively affect brand extension success (Keller, 2003). The relationship between consumer involvement and the coefficient of brand extension success is significant and positive, which is not unreasonable because high consumer involvement increases one's perception of the risk of buying the product (Nijssen et al., 1995).

LITERATURE REVIEW

Brand Credibility

Brand credibility is the trust instilled in the following brands in product information, which is based on consumer perceptions of whether the brand has the ability and desire to fulfill the promises made to consumers (Gilania et al., 2012). Malik et al. (2014) state that brand credibility consists of how well customers perceive the brand as a reliable source of information (trustworthiness), expertise, and compatibility with personality characteristics (attractiveness). Erdem and Swait (1998) note that credibility refers to the capacity and willingness of brands to consistently deliver what they promise and is established through a combination of reliability and experience. According to signaling theory, a credible brand helps build brand equity (Erdem & Swait, 1998), as a result of its positive effects on the perceived quality of the brand, the perceived positive attributes of the brand, and the utility consumers feel towards the brand (Spry et al., 2011). Brand credibility is defined as a person's trust in the product information provided by the brand, which is the basis for decision-making and the basis that fosters the belief that the brand prioritizes consumers, is reliable and always keeps its promises (Leischnig et al., 2012).

According to Ohanian (1990), brand credibility is about creating positive attributes of the sender that manipulate the receiver to accept the message. It can also be seen as branding. Credibility is the validity of a message or the trustworthiness of the purpose of an article at a given time. This sender can be a person, cartoon, company and/or brand (Wang & Yang, 2010). Indicators of brand credibility Erdem et al. (2006), namely, (1) execution against the law. (2) Reliable replacement service. (3) is a name you can trust. (4) is the ability to fulfill promises. (5) qualified to serve.

Consumer Engagement

Involvement can be defined as a relationship with individuals; different consumers have different product involvement in the same product. Consumer involvement is the extent to which consumers relate themselves to continuous or specific situational goals (Bloch & Richins, 1983). In a broad sense, consumer involvement includes continuous involvement and situational involvement. Different consumer involvement levels result in different consumer decisions (Klein & Sharma, 2022). to consider the literature under review and how to manage it. Some questions that researchers should consider when first compiling a literature review are as follows: which aspects should be included in the literature review; how the information in the literature review is synthesized; how should the literature review be organized; what style should be used in compiling the literature review; and other important questions that must be answered. Indicators of consumer involvement, according to Brodie et al. (2011), namely (1) Behavioural, (2) Cognitive, and (3) Affective.

Brand Expansion

Brand extension means using an existing brand in one product category to move into another product category (Aaker, 1997). The characteristics of brand extension include

the extent to which the concept matches the image of the parent brand, the extent to which the extension is introduced as part of the release line, and the extent to which its quality is consistent with the parent brand, the extent to which the extended concept is competitive in the new category, and the influence of the chosen communication strategy on the accepted concept (Wernerfelt, 1988; Park et al., 1991; Keller & Aaker, 1992; Kim et al., 2001). Brand extension means using an already successful brand to add new products or modify products to new categories. In the face of increasingly fierce competition, brand extension is a strategy to promote existing brands by introducing new products.

METHODS

In this study, the researcher used qualitative methods. The purpose of qualitative research is to provide a comprehensive summary of events in the everyday sense, and the task of this research is to stay close to the data and on the surface of words and events (Sandelowski, 2000). This research uses observation, interviews or document analysis. Observation and interview methods were chosen because one form of qualitative research is based on understanding direct observation of consumers.

In this technique, researchers conducted interviews with PT Mayora consumers in Surabaya. This research uses the interview method and applies data analysis based on the model of Miles et al. (2014) model, which includes Data Condensation, Data Presentation, and Conclusion Drawing.

Data condensation, or data summarization, is the process of selecting, aligning, simplifying, compacting, and modifying information from field notes, interview transcripts, documents, or previous research materials. This condensation process occurred after researchers conducted interviews and obtained written data from the field, which were then identified to focus the research.

Data Presentation involves organizing, combining, and presenting information to understand the context of the research and conduct a more in-depth analysis. This approach helps summarize and present information that supports an overall understanding of the data collected.

Inference is the final step in data analysis, where researchers formulate conclusions based on the data collected. By collecting information from the beginning, researchers can find meaning that has not been patterned, note patterns of explanation, and understand the causal flow to detail research findings.

RESULTS

Before stepping into the research results, according to Erdem & Swait (1998), brand credibility is a belief that contains product information contained in a brand, requiring consistency in delivering what is promised. Increasing brand credibility requires trust in the positioning of product information embedded in the brand, then depending on consumer perceptions, whether the brand has the ability and desire to fulfill its promises. PT Mayora maintains its brand's credibility to maintain the trust of old and new consumers in the brand itself, so it is very easy for PT Mayora to expand products with old brands. With a credible brand, consumers will trust more easily and consistently to always buy the brand they have trusted. As stated by respondent Miftachul,

“Brands that maintain their brand credibility make me believe in the quality of the products produced. Products from the Mayora brand itself have also guaranteed the credibility of the brand so that the expanded brand will have the same results as the previous brand.”

Similar to what was conveyed by PT Mayora's new consumers, Nadheta said,
“a brand that maintains its credibility means a brand that can be trusted for the quality of the products it produces. With a credible brand, I trust and try the products from the extended brand.”

With a credible brand, consumers will have more confidence to be able to try new products produced from the extended brand. With that, it means that PT Mayora has been successful in the eyes of consumers in the level of product credibility of the extended brand.

Consumer involvement is the personal interest or stake that consumers feel in acquiring, consuming and donating goods and services. Due to increased involvement, consumers are more motivated to pay attention, understand and interpret information related to a purchase. As stated by respondent Miftachul in the interview,

“Involved consumers will influence the extended brand. With a good experience, involved consumers will recommend and notify other consumers of the existence of the extended brand to find out about it.”

Nadheta also said,

“Consumers who have experience related to the brand will feel involved in the extended brand; with a good experience, it is possible for the consumer himself to recommend what he feels to other consumers; because of that, consumers feel involved with the extended brand.”

Consumers who are involved in the old brand will also easily be involved in the existence of an expanded brand because of their experience of involvement in the previous brand. This makes it easy for the expanded brand so that consumers continue to be bound or involved in new products resulting from the expanded brand.

DISCUSSION

PT Mayora Indah Tbk (the company) was established in 1977. The first factory was located in Tangerang, with the target market of Jakarta and the surrounding areas. PT Mayora as a Fast Moving Consumer Goods Company, has shown itself as a high quality food producer and has received many awards, including “Top Five Best Managed Companies in Indonesia” from Asia Money, “Top 100 Exporter Companies in Indonesia” from Swa magazine, “Top 100 public listed companies” from investor Indonesia magazine, “Best Halal Product Manufacturer” from the Indonesian Ulema Council, Best Listed Company from Berita Satu, “Indonesia’s Corporate Secretary Award, Top 5 Good Corporate Governance Issues in Consumer Goods Sector, from Warta Ekonomi and many other awards. PT Mayora categorizes its products into two (2) categories: processed food and beverages. This category consists of 6 (six) departments that each produce different products such as cookies, sweets, waffles, chocolate, coffee and healthy food. One of Mayora’s famous brands is Kopiko, first launched in 1982. Now Mayora’s expansion has reached a global level, with markets spread across Asia, Australia, Africa, Europe and America. Mayora is also known as the world’s largest producer of coffee sweets thanks to the Kopiko brand. The Kopiko brand has also succeeded in bringing PT Mayora’s name to be recognized in the world by appearing as advertisements in world-class media.

PT Mayora Indah Tbk sells nine types of snacks, including Roma cheese, Better, Slai O Lai, and Danisa. Candies include Kopiko, Kis, Tamarin, and Plonk, while wafers include Beng Beng, Astor, and Roma. Choki Choki and Danisa are brown in color. Energen is healthy food, and coffee is Torabika. Porridge is Super Bubur, instant noodles are Mi Gelas, and drinks are Vitazone. Many of PT Mayora’s products are market leaders, pioneers, or trailblazers in their five categories. Astor, which leads stick wafers, Beng-Beng, which leads chocolate-covered caramel wafers, and ChokiChoki, which leads chocolate paste, are examples.

Brand extension is a good strategy for popular brands to attach brand names to new products introduced in different product categories, and it can produce reciprocal effects that increase or decrease the parent brand’s equity. Brand extension can directly reduce the risk of new product failure. If customers are loyal to the parent brand, then the adoption of the extended brand will be higher. The extended brand will have a high value because the parent brand is already recognized by consumers. With the expansion of the

brand, the extension brand allows for its successful launch in the market. The extended brand will add benefits to the company in achieving sales targets and multiplying the brand without having to bother introducing it to consumers, because with the extension brand it is certain that consumers will recognize the results of the extension brand well. Brand extension means using an existing brand in one product category to move to another product category. Brand extension is a good strategy and is a natural strategy for companies that are growing and utilizing their assets.

Brand extension can be categorized into vertical or horizontal extension. Horizontal extension refers to instances when an existing brand name is applied in a new product, either in the same product class or in a new product class/new product category, with the same price position or the same quality level, but differs in some other attributes besides price/quality level, such as taste, size, aroma, color, and so on. There are two types of horizontal brand extensions that differ in terms of their focus. They are called line extensions and franchise extensions. Line extensions involve the current brand name being used to enter a new market segment within its product class. In contrast, franchising uses the current brand name to enter a product category that is new to the company. Most of the recent research in brand extension has focused on horizontal extensions. Unsuccessful horizontal extensions are less likely to damage the core brand than vertical extensions because horizontal extensions are often different - and different - product categories and further away. Usually consumers will recognize that the horizontal extensions are not closely related.

Vertical brand extension is applied when a brand is used to introduce new products in the same category or line, but with different quality or pricing concepts. Brand expansion on vertical new products can be done in two directions, upscale, which involves new products with higher price and quality characteristics than the original product; or downscale, which involves new products with lower quality and price features. Downscale vertical expansion can provide the equivalent of sampling into new market segments and increase market share. Functional uses this strategy. Prestige products allow expansion of premium segments, but not lower segments. Consumers seem to recognize and accept the prestige-enhanced brand image of such high-end extensions and accept the extension.

Brand credibility is one of the important factors that can influence consumer purchase intentions. Credibility and perceived value of the brand are often considered as two important things that marketers need to do to build a strong brand, because the existence of a credible brand will increase consumer confidence in the brand that is extended with new products. A brand's credibility can provide unbeatable benefits for both consumers and companies. For consumers, with a credible brand, the product definitely has the feasibility to be tried next, the company also does not need to waste a lot of money to advertise new products from brands that are already known by consumers and can make references for the launch of new products from the brand. With a credible brand, it will certainly be an additional value for the expanded brand because the products produced are certain to have the same quality as the parent brand.

Consumers who have high involvement will be bolder and more willing to try new products from extended brands. In addition, this level of involvement allows consumers to get information related to new products from extended brands faster than consumers who are less involved. Therefore, engaged consumers will be more likely to purchase the extended brand. Consumers can rely on well-known brands to reduce perceived risk and make it possible for consumers involved in the extended brand to share their experience or recommend it to relatives or new consumers who are just about to try the results of the extended brand products.

CONCLUSION

The results concluded that PT Mayora Tbk has utilized the strategy quite well, which can increase sales and promote new products from brands that expand their brands. The credibility of the brand will give consumers more confidence in the launch of new

products; therefore, consumers involved will be more likely to be interested in new products launched by the expanded brands. These two strategies are quite good strategies that can be used to build PT Mayora Tbk's sales profit for new products expanded from existing brands. It is expected for PT Mayora to always maintain what has been built for its success in expanding brands and come up with new strategies in the future so that PT Mayora can survive and have increasing success from previous results. With the success of these two strategies, it is hoped that PT Mayora will always maintain what has been built and maintain it in order to hold the trust that consumers of PT Mayora have held.

REFERENCES

- [1] Aaker, D.A. (1997). *Managing Brand Equity: Capitalizing of the Value of a Brand Name*. New York: The Free Press.
- [2] Bloch, P. H., & Richins, M. L. (1983). A theoretical model for the study of product importance perceptions. *Journal of marketing*, 47(3), 69-81.
- [3] Brodie, R. J., L. D. Hollebeek, B. Juric, & A. Ilic. (2011). Customer Engagement: Conceptual Domain, Fundamental Propositions, and Implications for Research. *Journal of Service Research*, 14(3), 252-271.
- [4] Cuthbert, B. N., H. T. Schupp, M. M. Bradley, N. Birbaumer, & P. J. Lang. (2000). Brain Potentials in Affective Picture Processing: Covariation with Autonomic Arousal and Affective Report. *Biological Psychology*, 52(2), 95-111.
- [5] Erdem, T., & J. Swait. (1998). Brand Equity as a Signaling Phenomenon. *Journal of Consumer Psychology*, 7(2), 131-157.
- [6] Erdem, T., & Swait, J. (2004). Brand credibility, brand consideration, and choice. *Journal of Consumer Research*. 31, 191-198.
- [7] Erdem, T., J. Swait, & A. Valenzuela. (2006). Brands as signals: A Cross-Country Validation Study. *Journal of Marketing*, 70(1), 34-49.
- [8] Gilaninia, S., H. Ganjnia, A. Moridi, & M. Rahimi. (2012). The Differential Roles of Brand Credibility and Brand Prestige in the Customers' Purchase Intention. Kuwait Chapter of Arabian. *Journal of Business and Management Review*, 2(4), 1-9.
- [9] Keller, K.L. (2003): *Strategic Brand Management. Building, Measuring, and Managing Brand Equity*, 2. Ed., Upper Saddle River.
- [10] Khan, M. M. & R. Razzaque. (2015). Measuring The Impact of Brand Positioning on Consumer Purchase Intention Across Different Products. *Journal of Quality and Technology Management*, 11(1), 69-95.
- [11] Kim, C. K., Han, D., & Park, S. B. (2001). The effect of brand personality and brand identification on brand loyalty: Applying the theory of social identification. *Japanese psychological research*, 43(4), 195-206.
- [12] Klein, A., & Sharma, V. M. (2022). Consumer decision-making styles, involvement, and the intention to participate in online group buying. *Journal of Retailing and Consumer Services*, 64, 102808.
- [13] Knapp, D. E. (2001). *The Brand Mindset*. New York: Mc Graw Hill
- [14] Lafferty, B. A. (2007). "The Relevance of Fit in a Cause-brand Alliance When Consumers Evaluate Corporate Credibility." *Journal of Business Research*, 60(5), 447-453.
- [15] Laurent, G., & J. N. Kapferer. (1985). Measuring Consumer Involvement Profiles. *Journal of Marketing Research*, 22(1), 41-53.
- [16] Leischnig, A., Geigenmüller, A., & Enke, M. (2012). Brands you can rely on! An empirical investigation of brand credibility in services. *Schmalenbach Business Review*, 64, 44-58.
- [17] Malik, M. S. & N. Ahmad. (2014). Impact of Brand Credibility on Consumer Loyalty: a Case Study of Fast Food Industry in Dg Khan, Pakistan. Oman Chapter of Arabian. *Journal of Business and Management Review*, 34(2343), 1-10.
- [18] Miles, M. B., A. M. Huberman., & J. Saldana. (2014). *Qualitative Data Analysis, A Methods Sourcebook*, Edition 3. USA: Sage Publications
- [19] Nijssen, E., R. Uijl, & L. P. Bucklin (1995): The Effect of Involvement on Brand Extensions, Proceedings of the 24th Annual EMAC Conference, ESSEC, Paris, France, 867-870.
- [20] Ohanian, R. (1990). Construction and validation of a scale to measure celebrity endorsers' perceived expertise, trustworthiness, and attractiveness. *Journal of Advertising*, 19(3), 39- 52.
- [21] Park, C. W., Milberg, S., & Lawson, R. (1991). Evaluation of brand extensions: The role of product feature similarity and brand concept consistency. *Journal of consumer research*, 18(2), 185-193.
- [22] Sandelowski, M. (2000). Focus on Research Methods, What Ever Happened to Qualitative Description? *Res. Nurs. Health*, 23,334-340.
- [23] Spry, A., R. Pappu, & T. B. Cornwell. (2011). Celebrity Endorsement, Brand Credibility and Brand Equity. *European journal of marketing*, 45(6), 882-909.
- [24] Steenkamp, J. B. E., & H. Baumgartner. (1992). The Role Of Optimum Stimulation Level In Exploratory Consumer Behavior. *Journal of Consumer Research*, 19(3), 434-448.

- [25] Swaminathan, V., R. J. Fox, & S. K. Reddy. (2001). The Impact of Brand Extension Introduction on Choice. *Journal of Marketing*, 65(4), 1-15.
- [26] Thiele, R. S. & M. M. Macky. (2001). Assessing the Performance of Brand Loyalty Measures. *Journal of Service Marketing*, 15(7), 529-546.
- [27] Van Riel, A. C., J. Lemmink, & H. Ouwersloot. (2001). Consumer Evaluations of Service Brand Extensions. *Journal of Service Research*, 3(3), 220.
- [28] Wang, X., & Yang, Z. (2010). The effect of brand credibility on consumers' brand purchase intention in emerging economies: the moderating role of brand awareness and brand image. *Journal of Global Marketing*, 23(3), 177-188.
- [29] Wernerfelt, B. (1988). Umbrella branding as a signal of new product quality: An example of signalling by posting a bond. *The RAND Journal of Economics*, 458-466.