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EFFECT OF PRODUCTION STRATEGY PERFORMANCE ON BRAND ROYALTY

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Abstract: A product strategy or product strategy is a plan that identifies the aims and objectives of a product and then describes a vision for achieving these goals. It helps link the project's vision to the actual methods used to implement it. A product strategy maps out the critical benchmarks against the creation, marketing, and distribution of any concept you plan to sell. They also provide a central plan that people can refer to guide their efforts and refine their overall business strategy. The food business is a potential business at this time. Factors that need to be considered in facing competition in the restaurant business include product and price. If these two factors are getting better and more attractive, it can make customers feel satisfied. If customers are satisfied, they will be loyal to the restaurant. This study aimed to determine the effect of the performance of the production strategy on brand royalties in companies and restaurants.

Keywords: Price Strategy, Product Strategy, Brand Royalty

INTRODUCTION

Consumers can recognize a product or service through a brand. Through brands, consumers can distinguish between products or services from one another. A brand is an intangible asset whose value is more expensive than other physical assets such as land area, buildings, and production machines. Brands have potential responses to generate consumer trust. Consumers loyal to a brand (brand loyalty) will be willing to pay more because they feel they have a unique value or value in the brand and cannot be found in other brands.

Branding is still used as a marketing strategy that provides added value for goods or services companies because the brand is accepted as an influential fundamental factor in consumer behavior.

Human choices to fill their free time are very diverse along with the time. Nowadays, many spend their free time going to entertainment places such as cafes, cinemas, restaurants, and shopping centers. By the development era, Surabaya as a metropolitan city also responded by several shopping centers, some of which have been operating, and others are still in the planning and development stages. In the intense competition, product differentiation and price are significant, given today's wide variety of products. Product and price differentiation aimed at pampering consumers and loading consumers loyal to a brand is something that currently must be considered more in the future. The differentiation in the product can be in the form of the taste of the packaging, or it can also be the quality of the product itself. At the same time, the price elements can be in the form of discounts or rebates. Because having consumers who are loyal to a brand is a massive asset for a company.

LITERATURE REVIEW

Marketing

Marketing has a broad scope with various meanings. However, these meanings have the same purpose. As stated by several economists below. According to Kotler (2004, p.10), marketing based on the social definition is a social process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others‖. Meanwhile, if viewed from a managerial definition, marketing is often described as the art of selling products‖. Meanwhile, Vellas and Becherel (2008, p.9) explain that marketing is a management process that identifies and anticipates customer demand and satisfaction by making a profit. The American Marketing Association (in Kotler, 2002, p.10) defines marketing as the process of planning and executing thought, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that meet individual and organizational goals.

Marketing Mix

The marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the market" (Aaker, 1997). Which more or less means the marketing mix is a collection of controllable marketing variables used by an agency. Efforts to achieve marketing objectives in the target market. According to Stanton (1978), the marketing mix is a combination of 4 variables or activities that are the core of the company's marketing system, namely product, price, promotional activities, and distribution system.

Product

A product is anything that can be offered for attention, skill, use or consumption that might satisfy a need or want. Sometimes we use other terms for the product, such as offering and solution (Kotler, 2000). Product is also defined as anything offered to the market to get attention, possession, use, or consumption to satisfy the needs or desires of customers. It includes physical objects, services, people, places, organizations, and ideas. (Kotler and Armstrong, 2000). The product has several components, namely product variety. Quality, design, features, brand, packaging, sizes, services, warranties, and returns, as stated by Kotler (2000). A company must look for meaningful ways, and in line with the development of the era to improve the products it offers. That is because every product produced has a product life cycle. After reaching the maturity stage, a product will usually experience a decline and may die as new technologies emerge and move from product maturity to further growth. As for producing a quality product, the management must determine the concept of a product, which states that consumers will like products that offer the best quality, performance, and innovative complements. Managers in product-oriented organizations focus their attention on the business that produces the product. Management can assume that buyers value a well-made product and judge the quality and performance of a product.

Price

In financial transactions, it is customary to quote prices in other ways. The most obvious example is the loan price, when the fee will be expressed as a percentage of the interest rate. The interest paid depends on the loan amount and the loan period. Another example can be found in the prices of financial derivatives and other financial assets. For example, the inflation price related to government securities in some countries is quoted as the actual price divided by the inflation factor since the security was issued. The path in question is a vision (forward goal) for an organization or company right in the corporate jungle, both now and in the future.

RESEARCH METHOD

The sample used in this study can be determined using the infinite sample formula, with a 95% confidence level and an error rate of 10% as follows:

n = Z2 α.p.q

d 2

Information:

n= number of samples

Z= price interval depends on alpha (α=1- 0,95=0,05), so the Z = 1,976

p= population proportion estimator

d= interval (0,10)

q= 1 – p

α	Z
0,01 (1%)	2,576
0,05 (5%)	1,976
0,10 (10%)	1,645

So the number of samples is:

$$n = \frac{(1,976)^2 (0,5)(0,5)}{(0,10)^2}$$

$$= \frac{3,904x0,25}{0,01}$$

= 97,6 = 100 respondents

Therefore, the sample used in this study was 100 people as respondents. The sampling technique in this study was non-probability sampling with the purposive sampling method. Non-probability sampling technique is a sampling technique where each member of the population does not have the same opportunity to be selected as a sample.

FINDINGS AND DISCUSSION

Characteristics of respondents whom the researchers selected amounted to 100 people. They were grouped according to specific factors, including the gender of the respondent, the age of the respondent, the respondent's occupation, and the respondent's monthly expenditure. The following is the result of processed data using SPSS 13.0.

Table 1. Profile of Respondents by Age

Age	Total	Percentage (%)
20-25	39	39
26-30	42	42
31-35	12	12
36-40	4	4
41-45	2	2
46-49	1	1
Total	100	100

Table 2. Profile of Respondents Based on Respondents' Last Education

Education	Total	Percentage (%)
SMU	48	48
D1	1	1
D3	1	1
S1	45	45
S2	5	5
Total	100	100

Table 3. Profile of Respondents by Occupation

Job	Total	Percentage (%)
Student	34	34
Housewives	20	20
Professional	26	26
Private Employee	6	6
Self-Employee	1	1
Civil Servant	9	9
Total	100	100

Table 4. Profile of Respondents Based on Last Go to Cafe

Last go to the Cafe	Total	Percentage (%)
<1 Last week	44	44
1-4 Last week	43	43
1-3 Last month	11	11
3-6 Last month	1	1
>6 Last month	1	1
Total	100	100

Table 5. Profile of Respondents Based on Who Go to Cafe with

Go to the Café with	Total	Percentage (%)
Friend	68	68
Working Relation	8	8
Boy/Girlfriend	11	11
Alone	11	11
Family	2	2
Total	100	100

Table 6. Profile of Respondents Based on When to Go to the Cafe

When going to the Café	Total	Percentage (%)
Gathering with friend	66	66
Lunch	7	8
Working Outside	1	1
Meet with work relation	9	9
Other	17	17
Total	100	100

Descriptive Analysis of Respondents' Responses Convergent Validity and Reliability Construct Validity shows the extent to which the measuring instrument measures what it wants to measure. The validity test is carried out through convergent validity. The indicator is said to have concurrent validity if the indicator has a standardized regression weight value > 0.50 and a probability value (prob.)

CONCLUSION

Based on the results of the SEM analysis and discussion, the conclusions that can be formulated are: (1) The product strategy in this study has a significant effect on Brand Loyalty. When viewed in terms of products, Tator Cafe does have a variety of food and beverages. Quality is always maintained, food and beverage guarantee, attractive food and beverage designs, satisfying service, appropriate portions, good packaging, and shape. These things make customers satisfied with the food and drinks served by Tator Cafe and make customers loyal to Tator Cafe. (2) Price Strategy also has a significant effect on Brand Loyalty. The prices offered by Tator Cafe are indeed for the upper-middle class. The research results can also be formulated to make customers satisfied and make customers loyal to Tator Cafe. (3) Overall, Product Strategy and Price Strategy have a significant effect on Brand Loyalty, although Product Strategy is more dominant when compared to Price Strategy.

Suggestions

From the results of the research and the conclusions mentioned above, the following suggestions can be made: (1) In terms of Product Strategy: Food and beverages served by Tator Cafe can satisfy customers and make customers loyal to Tator Cafe; however, Tator Cafe must maintain so that customers can continue to be faithful. To retain it, Tator Cafe is advised to increase the variety of food and drinks to train employees to maintain service quality. (2) Tator Cafe is advised to hold promotions in terms of discounts, special prices, etc. (3) To increase consumer Brand Loyalty, Tator Cafe should maintain relationships with consumers and improve service quality for every customer who visits Tator Cafe.

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